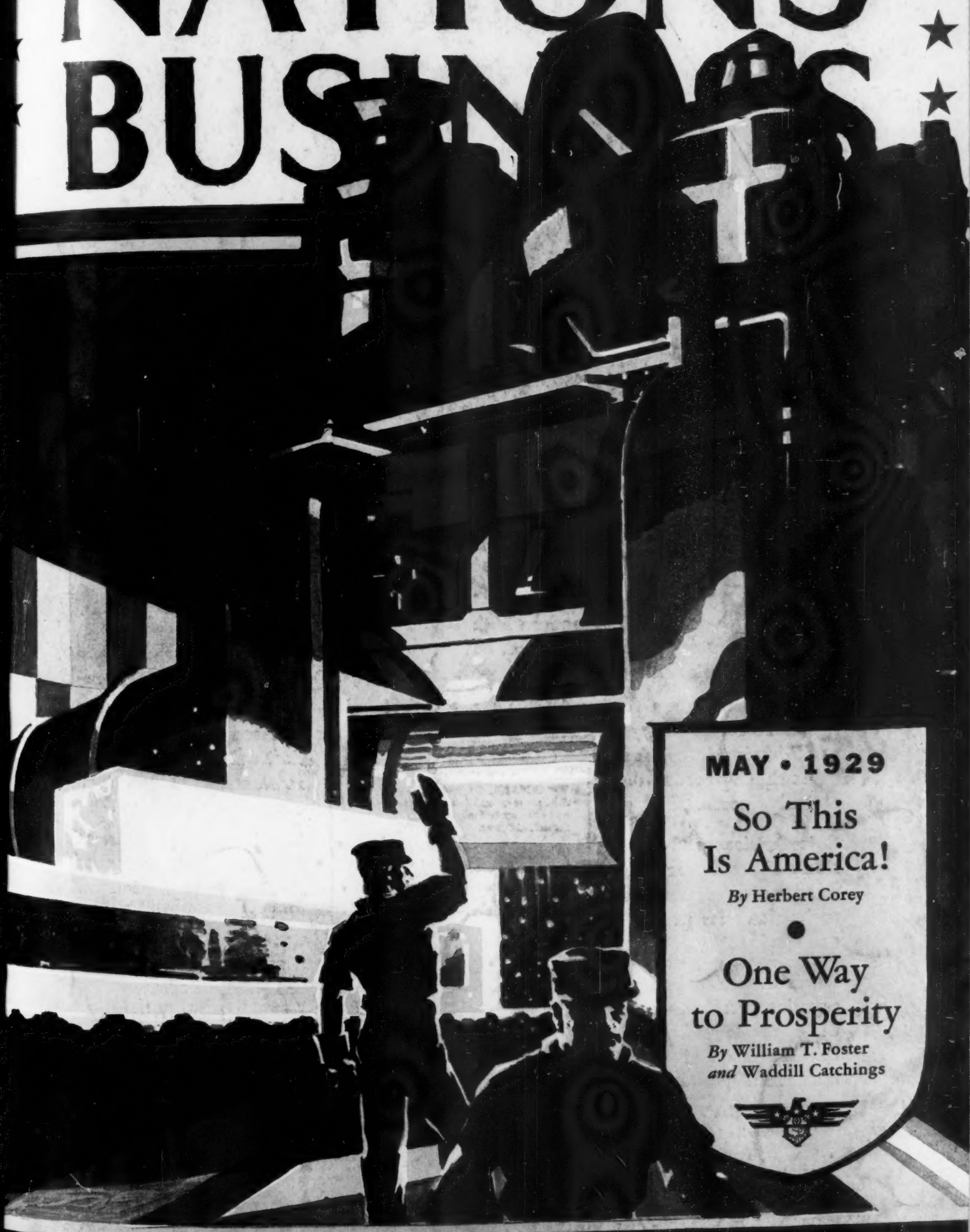


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So This
Is America!

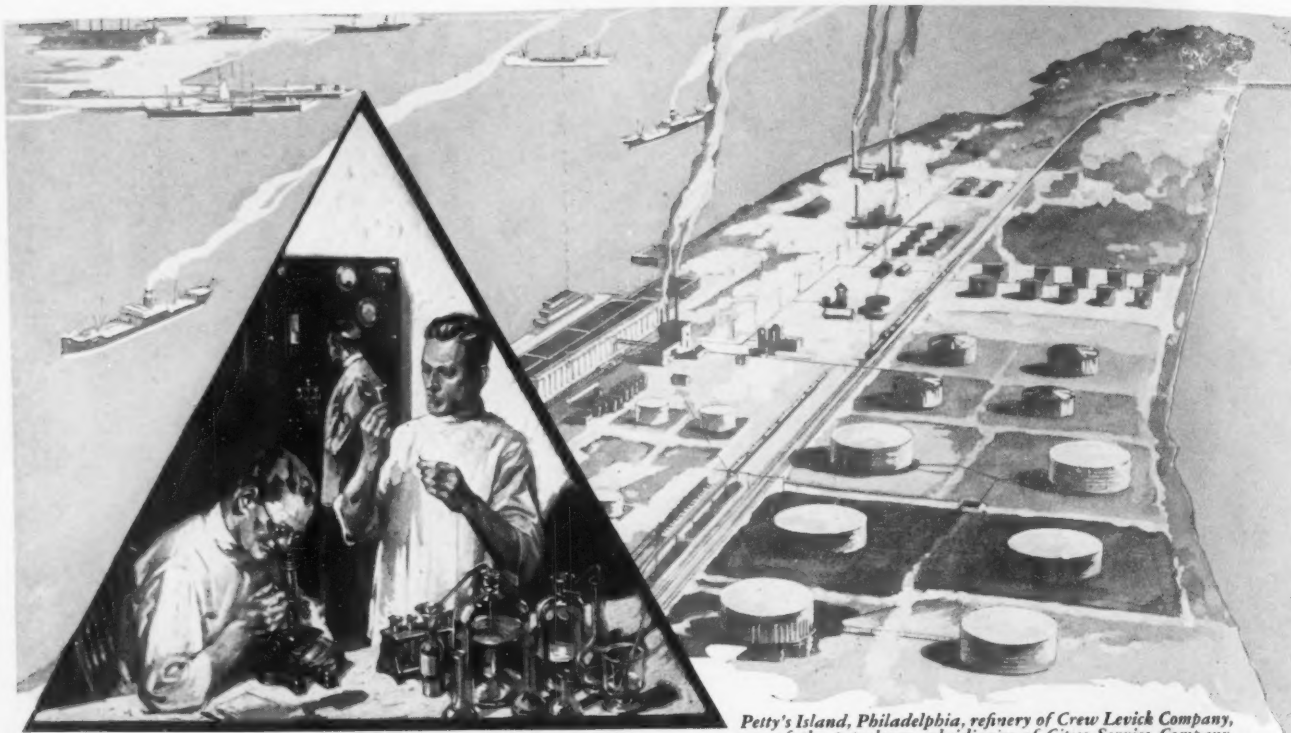
By Herbert Corey

One Way
to Prosperity

By William T. Foster
and Waddill Catchings



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THIS MONTH AND NEXT

HERBERT COREY is an unstable sort of writer—one never knows what he will be writing about next. He appears in the office, a large, quiet man who smokes pale and poisonous cigars (he calls them portable altars) which he aims at the ceiling. He saves his drama to put into his writing.

This month he has written "So This Is America," the story of two immigrants, Patrick McGovern and Benjamin Winter, who have been able to do things not because they work for money but because they have gotten the American spirit which makes men want to conquer jobs other men cannot do.

William Hard, a newspaper man as Corey used to be, is quite different. He explodes into the office. He speaks, "bang, bang, bang," startling the stenographers. This staccato style, carried into his writing is as important as the facts he is putting into his series of articles, "Untangling the Government."



Will Irwin

Since these men are writers, tradition permits them minor eccentricities, but Foster and Catchings who have collaborated in writing "One Way to Prosperity" for this issue, are almost alarmingly non-conformist. One is a banker, the other an economist, and both have won reputations as serious thinkers on business problems. But each is so unorthodox as to write brightly on serious topics. They permit you to smile as you learn from them how a happy balance between saving and spending may be attained. Moreover, both are so modest they protest against the use of their photographs.

Will Irwin is another man with a sense of humor—it is a worthwhile experience to hear him tell a story to a group of friends. It is equally worth while to read his opinions, for few men have had wider experience in observing mankind. He has watched them from the platform as a lecturer, as a war correspondent and as a newspaper man. In the last named capac-



H. M. Hanshue



F. Christopherson

NATION'S BUSINESS for MAY

VOLUME 17



NUMBER 5

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ity he made the good will trip with President Hoover and has written for NATION'S BUSINESS his impressions of the new spirit that is pervading South America.

Charles Frederick Carter also writes about a new spirit but he confines himself to a subject as near home as the closest railway yards. He knows all about these yards for he has been a railroad



Agnes C. Laut

man and is still a railroad man at least at heart. Now he likes to put his tongue in his cheek and write whimsically of "When the Railroads Were New" or "Vagaries of Railroad Evolution," which have been published in book form, or "Back-

aches Go Out of Railroadng," which appears in this issue.

George Otis Smith knows geology. He is a student and teacher of this science, and has been head of the United States Geological Survey since 1907, except for a brief period when he served on the United States Coal Commission. His article explaining the Hoover oil conservation policy is timely and concise.

Fred S. Christopher-son, quiet spoken and retiring editorial writer of the Sioux Falls, S. D. *Argus-Leader*, found a subject much to his



E. S. Cowdrick

liking in his state's unhappy venture into banking to lend money to farmers. Harris M. Hanshue likewise is writing of something pretty close to his heart when he talks of "Making the Public Air-Minded," while Agnes Laut, whose copy is well punctuated but whose enthusiastic conversation knows no periods, is well qualified to talk of woman's place in modern business.



C. F. Carter

Edward S. Cowdrick, whose "Selling Stock to Employees" appears this month, is an authority on industrial relations. He is not a business man, properly speaking, but studying and writing economics is his hobby.

Next month Ralph C. Hudson, former president of the National Retail Dry Goods Association, will give his answer to the question "Can the Lone Retailer Survive?" Julius Baer, Labert St. Clair and Lady Mary Heath are other contributors.

Mr. Baer will write from his broad knowledge of "Commodity Exchanges." Mr. St. Clair will discuss the faults and virtues of publicity, while Lady Heath will discuss aviation as she has observed it in this country and make some suggestions.

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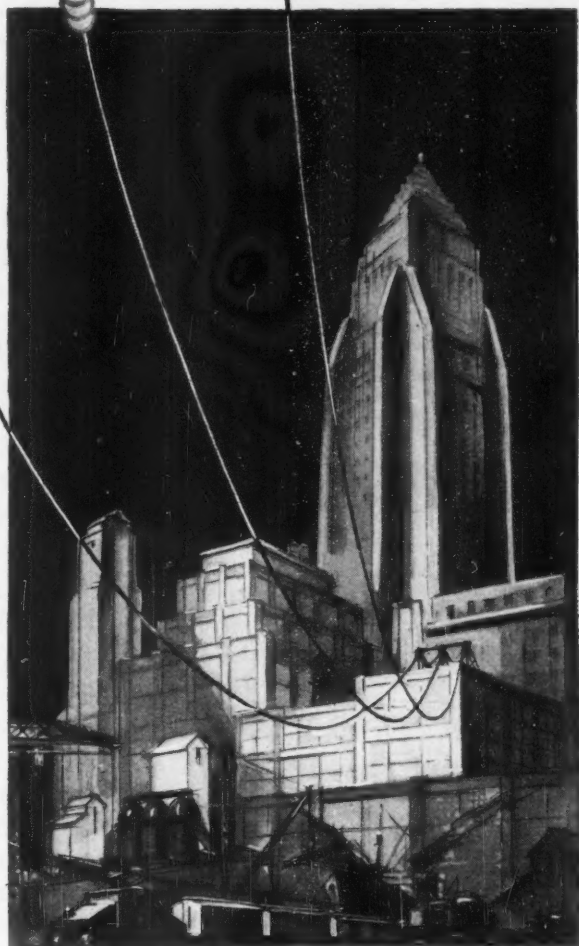
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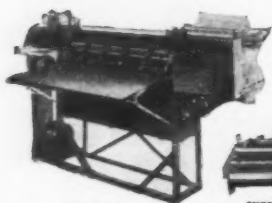
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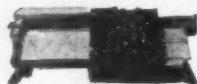
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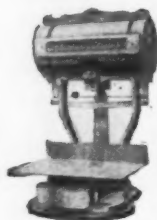
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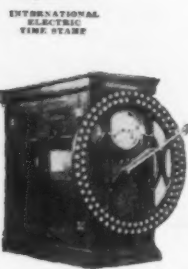
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Muzzling the Ox

THE League for Industrial Democracy invites us to join. It wants 1,000 new members at \$3 a year. It boasts Norman Thomas, Socialist candidate for the White House, as a director.

The League "reaches 100 colleges or so every year with speakers and literature on labor, imperialism and socialism. Professors and college presidents are welcoming us more heartily every year . . . We want greatly to extend our work . . . Your \$3 will help, but your enlistment in the cause is the main thing. You simply express your accord with our general purpose, 'Education for a new social order based on production for use and not for profit.' "

We are honored by the invitation. But here's the rub. We have been devoted to the League's creed. We have produced only for use. There is nothing left over—not even \$3. If we had the \$3 it would be evidence of a violation of the League's general purpose of no production for profit.

But seriously, doesn't the League know that as a nation we are, as never before, producing for use? More things for more people has been the dominant urge. Why, even since the League was organized in 1906 our industrial system, which it indicts, has raised by a century the standards of living of millions of people.

Does the League want to discourage thrift toward investment? Its officers have only to look out of their windows at 70 Fifth Avenue, New York City, to catch a glimpse of what is being done with "profits" from the activities of men and women, high and low. Fifty billion in new construction, for one thing, all from somebody's profits.

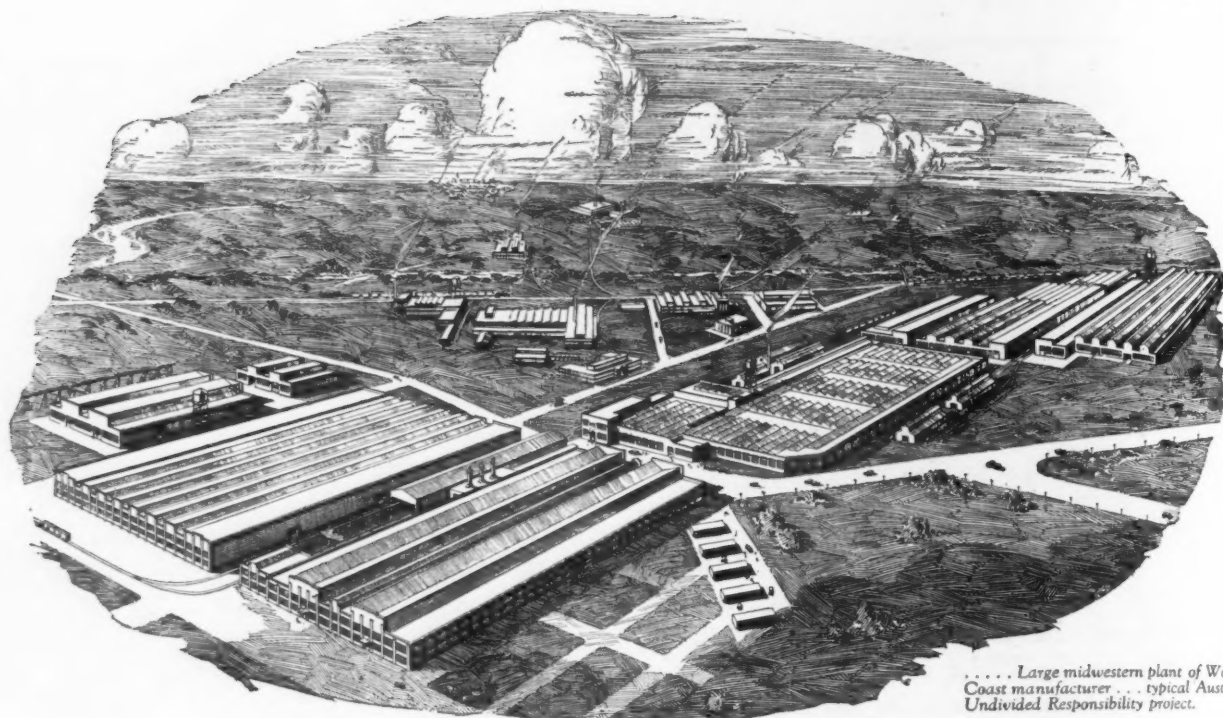
Would the League eliminate reward for the risk-taker? Where would it get initiative and resourcefulness for the big jobs that need doing if it takes away the compensation for risk of failure? How would it get those who can think most rapidly and who can see most clearly to go ahead with their plans? It is easy to sit back and rail against the present order, to magnify the occasional abuse of profits, but it is not so easy to propose a sound substitute.

In short, do the Industrial Democrats really yearn for a static society with no overplus from the day's work with which to project invention, development, new methods, new processes, new and better ways of living and doing? It would seem so. With fine abandon the League disregards a fundamental of human nature—the desire to get ahead. (Even the League wants 1,000 new members.)

Profits do not come for the wishing. The public is final arbiter. It is under no vow to perpetuate any business. It bestows its custom with a free choice. Eternal diligence in anticipating the world's needs and planning their satisfaction at lower and lower levels of purchasing power is the competitive price of profits.

This quality of human nature existed long before the League began to take stock of "democracy." Its directors fail to recognize the humanity, the reason, and the practicability which lies in the Biblical maxim, "Thou shalt not muzzle the ox when he treadeth out the corn."

Mere Thorpe



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Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

*Business News
to Think About*



SOME facts and a few opinions that stand out in the business news of a month (March 13 to April 13.):

Lively discussion of our credit structure and the stock market, call money climbing as high as 20 per cent and time money to 8 per cent.

Income tax returns grow and profits by stock exchange ventures get credit for part at least of the growth.

Sir George Paish, British economist says: "Nothing can be done now to prevent a financial crash" but American economists do not agree with him.

The oil industry meets and announces plans to keep the level of production for 1929 down, to that of 1928. On application to Washington the industry learns from the Attorney General that there is no power in the Federal Oil Conservation Board to relieve the parties to the plan from the operation of the antitrust laws.

Automobile production rises to new high levels.

General Motors gets an interest in the Opel Company, German manufacturers of cars and there is talk at once of a Ford-General Motors war for Europe's trade. Talk too of an Opel car that can be sold for \$432 in Germany and \$627 (duty included) in France. Query: What is the place of Citroen the great French manufacturer of moderate-priced cars?

Frederick H. Ecker, long its chief financial man is chosen to succeed Haley Fiske, who began in its legal department, as president of the Metropolitan Life Insurance Company, which guards its 16,000,000 policies with more than a billion dollars in real estate and more than a billion dollars in stocks and bonds.

The Johns-Manville Company chooses Lewis H. Brown, who has been largely a salesman, as its president.

The new president of the Bankers Trust Company, Henry J. Cochran, was once chief statistician of the

American Locomotive Company and later a member of a firm of accountants.

[The last three paragraphs are cited not because they are the total news of changes in business leadership but because they show a trend perhaps to choose leaders for management ability not for the training they have had. It is the "man" in management we are emphasizing.]

The National City Bank of New York and its president, Charles E. Mitchell had a lively month. Mr. Mitchell took a leading part in the discussion over the banks and the stock market, taking a position at odds with that of other, not less distinguished bankers. Then Mr. Mitchell became chairman of the board of the bank, its trust company and its investment company, and Gordon S. Rentschler succeeded him as president of the bank. The bank itself regained its place as the biggest bank in the United States by absorbing the Farmers' Loan and Trust Company, which has lived 107 years and probably has lent very little money to farmers for the last century. A minor item was the reported spending of \$100,000 to preserve the right to keep to itself the word "city" as part of a bank's name.

The Chase National Bank acquires the American Express Company. The railroads have taken the carrying side of the express business and now the Chase National has its banking side.

Organized labor proposes a six-hour day for railroad work and the five-day week is still in the minds of business.

And Congress meets before this issue is in your hands with farm relief and tariff to be settled.

Plenty for business to think about.

*A Step to Control
Production*



A GREAT industry which gets together to prevent the waste of a valuable natural resource deserves the sympathetic interest of the American business public.

Judged by its public announcements that is what the petroleum industry is seeking to do. Its representatives, the directors of the Petroleum Institute, meeting in New

York with Sir Henri Deterding of the Royal Dutch-Shell interests of Europe, proposed that production of crude petroleum in North and South America for 1929 be kept at the level of 1928. But there was to be no reduction in the production of the chief petroleum products, gasoline, kerosene and lubricating oil.

Here is the task the industry set before itself. In 1928 it took 912,000,000 barrels of crude oil to produce the gasoline requirements of the country. But the average yield was only 41.3 per cent of gasoline. A yield of 60 per cent of gasoline can be made so that the gasoline needs of 1928 could have been produced from 628,000,000 barrels of crude.

Is it not possible then to produce the gasoline and other products for 1929 without increasing the output of crude oil?

With such a purpose it is difficult to find fault. We may resent conservation when it is preached on grounds of sentiment; we may even resent it when we are told that we should not spend our resources since our grandchildren might want to use them; but none of us relishes waste.

The troubles of the oil industry came when its representatives journeyed to Washington to submit the plan to the Federal Oil Conservation Board to request its approval. Secretary Wilbur in turn asked Attorney General Mitchell what its powers were and he promptly said:

"For the Federal Conservation Board to grant approval under such circumstances would be assuming authority which it does not have."

And he added:

"It is not the practice of Attorneys General to give opinions as to whether proposed actions by private persons would violate the laws of the United States."

But the Attorney General did not say that a proposal by the oil industry voluntarily to limit production was not both possible and legal.

But Will the Lion Bite?



by Nelson B. Gaskill, one-time chairman of the Federal Trade Commission and is thus outlined:

Each industry which seeks relief from the restrictions of the anti-trust laws would hold a trade conference and adopt rules or a code of ethics which would be approved by the Federal Trade Commission or the Department of Justice only if the results indicated that the rules had been formulated in the interest both of the public and of the industry.

Prior to formal approval, the Federal Trade Commission would announce public hearings, just as hearings are arranged by the I. C. C. when railroads request changes in practice or permission to put new rules into effect.

Once the governmental authority had approved the industrial code under the proposed plan, it would issue a certificate of public interest and necessity to the petitioning industry, freeing it from criminal prosecution. This code would then remain in effect until complaints were made to prove that its continuance was no longer necessary. In the meantime the Federal Trade Commission or Department of Justice's certification would be accepted by the courts as *prima facie* evidence of legality with the burden of proof of illegality on those attacking the arrangement.

An interesting plan and any industry inclined to favor this or any other plan which provides for increased government supervision of, or authority over, business,

NATION'S BUSINESS for May, 1929

should make sure before it places its head in the lion's mouth, that the lion will let go on request.

Slim Figures Hurt Sweets



IF THE oil industry is concerned with, and would seek to prevent, overproduction consider the plight of the sugar industry which is worried over underconsumption which is perhaps only another way of saying overproduction.

And who's to blame? Woman, say the League of Nations economic experts. She is preserving her figure at the expense of cane growers and beet raisers and refiners.

If woman would eat sugar and be pleasantly plump, then Cuban children would have more shoes and sugar beet raisers would build new houses.

And what part in this economic situation is played by the American advertiser who urges you to substitute tobacco for candy? And if the Anti-Cigarette League conquers the world and we all shun tobacco, will sugar rise to unconquerable heights of prosperity and all women—and men too—grow plump and roly-poly?

Let the fight go on! A few of us will save our figures at the expense of our appetites and more of us will eat as much sugar as we enjoy and smoke tobacco right up to the point where we get conscience-stricken and "swear off for a month," usually a month far shorter than the months in George Eastman's reformed calendar and they are but 28 days long.

An Untiring Servant



SIX years of whole-hearted service—the final six years of his life, Dwight B. Heard gave to the Chamber of Commerce of the United States, as a director, a member of the Executive Committee and for three years chairman of the Advisory Committee to the Agricultural Service Department. This latter office he held at the time of his death, March 14. In each capacity he endeared himself to his associates by an untiring devotion to the task at hand.

Largely to Mr. Heard belongs the credit for giving practical expression to the Chamber's recognition of the interdependence of agriculture and all other forms of industry.

Lavish with his wealth of energy to the common good, even to the point of heavy sacrifice, Mr. Heard's life was a daily expression of the creed that one's left arm is given for one's own self, the right for service to his fellow man.

The Wages of Capital



WE are learning to think of industry as a three-fold thing, made up of labor, capital and management. Once we thought of it as dual, labor and capital.

Is there a new way of looking at the distribution of the profits of industry? When men considered industry only in terms of capital and labor, there was an acceptance of this idea:

"Labor is, like materials and machines, a thing to be bought at the market price. These things having been bought and labor paid for, what is left belongs to capital. Capital takes the risks and since it must accept the losses must also take the profits."

A logical point of view, but when we separate capital and management, can we still say: Having paid labor and

management what is left belongs to capital. Management has begun to claim its share in profits even though capital still is inclined to say "the risk was mine, the gains should be mine also. You, labor, and you, management, have had your wages."

Perhaps we shall see a day when capital, not labor and management, shall have the fixed wage and profits will go to management and labor.

A far-off idea and one easy to rebuke with the cry of "socialism." Yet Gerard Swope, president of the General Electric, talks in his annual report of plans for the payment of employes "by results" and further says:

"Studies are being made to determine if the supplementary compensation for continuous service can be made dependent upon the profits of the company to which all employes contribute."

Mr. Swope's statement is but one indication of the attention which American business is giving to this question of the fair distribution of profits to labor, to management and to capital.



We may want to get rid of him but, by gosh, we do learn from him

Short Days; Short Weeks



THE railroads of this country employed an average of 1,760,999 men in 1927 and 1,677,000 in 1928, a loss of 83,999 or about five per cent. Ton miles of freight moved were half of one per cent greater in 1928 than in 1927, and passenger miles were 6.3 per cent less. But freight is so much the larger part of the railroads' business that it is probably fair to say that the decrease in number of workers is not due to a decrease in work done.

From what then does it result? Better methods, a higher standard of human efficiency plus an increased use of machinery.

There has been no decrease in wages. In fact, wages have averaged as follows: 1926, \$1,656; 1927, \$1,677; 1928, \$1,705.

There is no end in sight for the substitution of machines for men. The Baltimore & Ohio announces the use of a mechanical stoker on its locomotives. Fewer firemen and another drop in the list of the railroads' workers.

What is labor's remedy? It takes the immediate form of a proposal by A. F. Whitney, president of the Trainmen's Brotherhood, that the railroad put into effect a six-hour day.

That, we assume, means eight men to do the work now done by six and no accompanying reduction in wages. A heavy increase in the wage bill of an industry

which is having trouble selling more goods and is complaining of lower prices.

But the work days seem ever growing shorter. Just as the railroad workers are proposing the six-hour day the General Electric Company announces that for some time it "has been making arrangements to adjust itself to the five-day week, so that customers as well as employes would be benefited."

We "Take Stock" in Men



"I DON'T take much stock in him," is a familiar phrase of disapproval.

But the investor is more and more "taking stock" in men. He buys shares in a manufacturing company not solely because of its tangible assets, nor because of its impressive balance sheet but because of the quality of the men who are in control.

Said one business man to another:

"If I were you I'd buy some stock in the So-and-So Company."

"Why? What do you know about it?"

"Nothing much," was the frank answer, "but I've just been talking to the new president and he's the kind of man you feel sure will make a go of anything he undertakes."

The particular stock measured by the yardstick of

stock exchange prices has justified the first man's faith. It has shown a steady appreciation.

We do today quite literally "take stock" in men. The investor is largely moved by his faith in management. Almost any one of our readers can think of a man or men in whom he would gladly "take stock."

More and more we are learning of the value of management and learning that it is the first syllable that must be accented.

The Price of Distribution



BRITISH company meetings get more publicity than meetings of American corporations. One reason is perhaps that British companies advertise reports of their meetings. Another, perhaps, is that British stockholders take a more direct interest in the conduct of the companies which they own.

The Cannon Street Hotel, London, is famous as a meeting place of companies and it was there that Courtaulds Limited, the great British rayon manufacturers, held an "ordinary general meeting," in March. From the advertising pages of *The Spectator* we take this colloquy between the chairman and a stockholder.

STOCKHOLDER—There is one other point, Mr. Chairman, to which I would like to refer. That is, when you speak of the increased consumption which has taken place and which we all anticipate will go on, whether you as a board would look at the abnormal difference in value of the article as it is produced and sold by the manufacturer and that same article as it is purchased by the consumer. I feel that if anything can be done by which that abnormal margin can be reduced—that is, distributing profits—the result would be a fall in the price of the article, which would create an extension of demand that would amaze even the board of Courtaulds.

THE CHAIRMAN—Then he (the stockholder) touched on the question of the difference in value between what we get for the article and what the public pays for it. He is treading on very delicate ground, and I think I would rather keep off it. The distributing trade are our very good friends, and I should be very sorry to say anything here in criticism of their methods.

Lower the costs of distribution, cut the price, increase the demand, that's a cycle of business which is increasingly engaging the attention of industry on both sides of the Atlantic.

Publicity or Advertising



IF the purpose of advertising is to surprise the reader, to catch his attention, then the palm for the month beginning March 13 and ending April 13 goes to Harrods, a firm of London, England.

To present three articles signed by Arnold Bennett, H. G. Wells and G. Bernard Shaw is certainly an achievement in publicity. Each of the three was invited to write an article or series of articles to give publicity to the business of Harrods.

Each declined, Mr. Wells in 400 words, Mr. Bennett in 600 and Mr. Shaw in 1,000. Each declination is printed with a portrait of the author in a page of the *New York Times*. Each writer airs his view briefly on advertisement writing.

Mr. Bennett declines because "public opinion in Britain is not yet ripe to approve the employment of responsible imaginative writers to whom it has granted a reputation in any scheme of publicity for a commercial concern."

Mr. Wells declines because "the answer is that,

NATION'S BUSINESS for May, 1929

rightly or wrongly, the writer takes himself more seriously than that. In his heart he classes himself not with the artists but with the teachers and the priests and prophets. That may be an old view, and it may be going out of fashion. . . . We all believe, of our generation, deep in our foundations, that our only paymaster ought to be the reader."

Mr. Shaw declines because "a writer who has been consecrated by Fame to the service of the public, and has thus become prophet as well as author, must take wages in no other service."

Two negatives we are told make an affirmative, but here three "No's" make three advertisements and when it is all looked over, we ask ourselves: What shall it profit Harrods to have three eminent authors explain why they will not write for Harrods?

And if all our 305,000 readers should read this editorial we can imagine some 200,000 or 300,000 of them saying: "Well, who's Harrods, and what are they trying to tell to me or to sell to me?"

Is publicity at any price worth while?

Railroads and Government



A SPOKESMAN for the railroads, John J. Cornwell, general counsel of the Baltimore and Ohio Railroad, gave recently a sharply drawn picture of the railroad situation as the railroads see it. He was talking to shippers before the Traffic Association of Bridgeport but what he said belongs to all of us, for all of us are buying transportation whether it is transportation of our own bodies or the transportation that's sewn up in the clothes on our backs. Here's Mr. Cornwell's picture:

Railroad passenger traffic fell off nearly six per cent in 1928 from 1927.

Railroad freight measured in ton miles went up one half of one per cent.

Freight rates tend downward, always downward whether rates be fixed by the Interstate Commerce Commission or by state commissions.

Efforts to cut down service, particularly passenger service, are always opposed.

Taxes paid by railroads move up, not down.

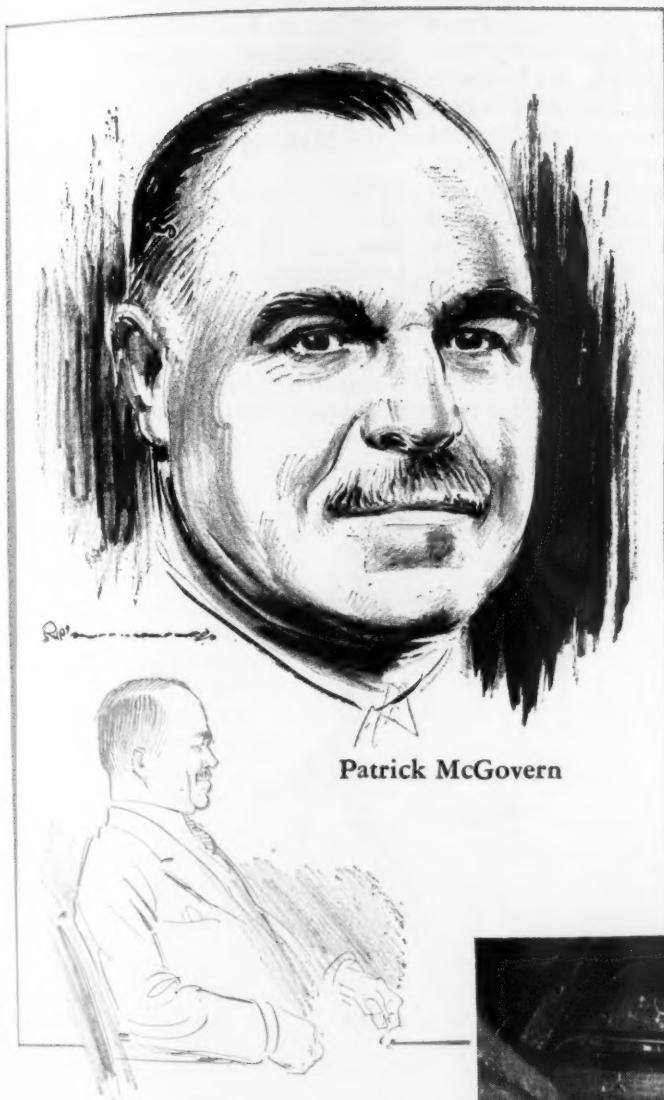
Freight revenues are further menaced by present and proposed development of waterways.

Mr. Cornwell might have added that the approximate standstill in freight movement and the definite decrease in passenger travel have taken place while population is moving up about two per cent a year and while industrial expansion is rapidly increasing.

Railroad efficiency and economy have increased net earnings in the face of reduced gross incomes. To that Mr. Cornwell suggests that "economies and efficiencies perhaps have reached their limit or nearly so."

Not on the whole a cheerful picture, yet it is permissible to doubt Mr. Cornwell's suggestion about the nearness of the limit in economy and efficiency. The Pennsylvania is about to spend vast sums of money to electrify its line all the way from New York to Wilmington presumably in the interest of efficiency and economy. Machines are remaking roadbeds and freight cars are fuller each run but not yet full.

But the railroads are in the close grip of government as to the prices of that which they sell. And there's a lesson in the railroads to industries which propose as a remedy to the ills of competition a closer control by government.



Patrick McGovern

So This Is America!

A tale of two immigrants
who found that work and
vision still pay profits



By HERBERT COREY

Portraits by Ripley

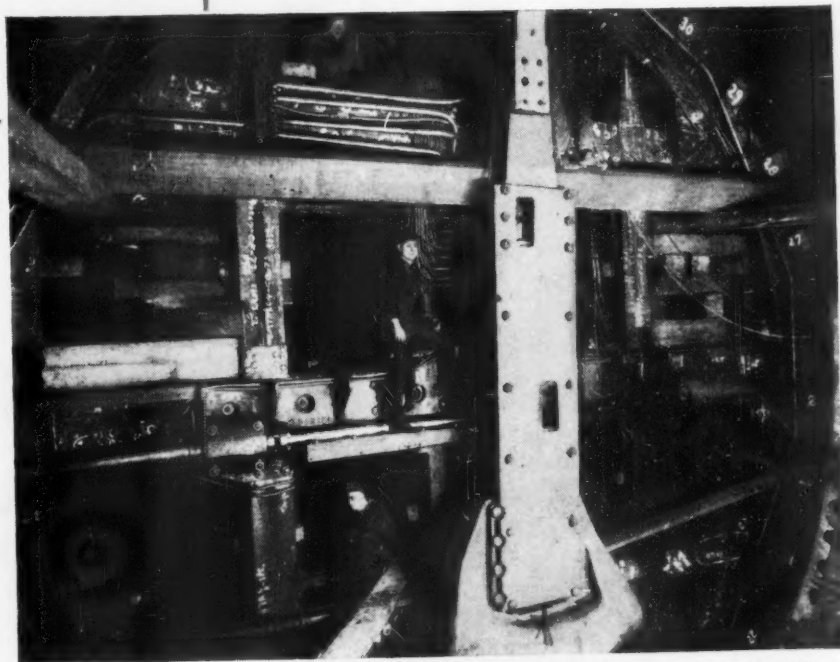
I DON'T believe it. That's all. I won't believe it.

Fairy stories are out. There is no pot of gold at the foot of the rainbow. The old-fashioned virtues aren't worth shucks. Work-and-win is chump stuff. We're all modern now. Men get rich by playing the market. Insiders pass on tips. Business is done on the golf course. One draws thorns out of grateful paws by introducing reliable bootleggers. Rising at 5 o'clock in the morning is silly. Five o'clock is the hour for going to bed. No one wants to accomplish anything, be of any service. The big idea is to get rich, get drunk, get divorced, buy bigger houses and redder cars and die of hardening of the arteries. That's the life. Whoopee!

Then you meet a couple of immigrants—

There is almost nothing I like less than meeting immigrants. Not that I object when the immigrant is poor. Then I can lean back and light my good cigar—a poor immigrant would hardly know whether I bought it for a dime or got it at the chamber of commerce banquet—and put my thumbs in the place the tailor fixed and look down on him. He's one of the things that is wrong with this country. That's plain to me then. So long as he is a poor immigrant.

But if he is a rich immigrant—



WIDE WORLD

With such great machines as this Patrick McGovern burrows his tunnels and subways through the rocky foundations of Manhattan

That hurts. What if there isn't anything wrong with this country? What if it is just about as right as it can be? What if one of the two immigrants you meet tells you with a choke in his voice that he is an American? What if he does say it with an accent? He means it. He sees into the future. Greater cities, taller buildings, a finer liberty, a deeper sympathy for the under dog. Beauty and freedom and as-

piration somehow all mixed up with dollars. Growth and kindness and love and profits. Nowhere else could these things be, he says. Nowhere but here.

And that other immigrant. The one with Irish tones in his voice. The one who came here with a pick and the muscles of a young bull. Not with a fixed ambition, but with hope and a belief that there was a chance ahead. If he could get a job in

the Summer he would sleep in the Winter. That was the only resolve he made. He practiced those absurd and nonsensical rules our forefathers made up out of their quaint old heads; rules about saving money and going early to bed and honoring promises and honoring God.

Oh dear, oh dear. It isn't the money of the two immigrants that frets me. Other men are rich and I'm not envious. Nor is it only that they used the plain old way of winning success. The newer way is nicer. What bothers me is that they see this country as I have not seen it, somehow. Nor have you.

Opportunities on every side, calling to them, screaming at them. Calling for me, too, and you. Honesty counts here, the two immigrants say. Well, honesty counts everywhere, of course. But honesty gets a chance here. Honesty can walk into a bank in Europe but Honesty will borrow more money if it brings along the crown jewels in a sack. Honesty can get the money over the counter here; walk out with the coin, if Honesty knows its business. One's soul expands here, say the two immigrants. A man lives decently. Not in a hovel. Color and form and harmony are his servants.

Our Two Immigrants

ARICHER beauty here, they say. That's queer. If there is one thing that had seemed established it is that we are all materialists.

Are the two immigrants right? Who are the two immigrants?

Patrick McGovern is one, the greatest subway digger in the world. He is the man who plays tricks with engineering problems. The harder the job, the better he likes it. That's stupid, isn't it? The man who values gray hair and wrinkles and lost sleep more than dollars in the bank. The man who is now at work on the greatest aqueduct in the world. It will double New York City's supply of water; double the supply for a city of 6,000,000 people; in a metropolitan district of 10,000,000 people. He's got me doing it now. I'm proud of my country. I'm talking in superlatives. I'm seeing brighter beauties—

Benjamin Winter is the other. The man

who bought and tore down the millionaire mansions on Fifth Avenue—those lovely, futile, outdated, misplaced, snobbish imitations of French chateaux.

Melting the Millionaires

THE man who piled millions on millions until the millionaire owners melted like wax. The man who sees 80-story buildings where ten-story buildings are now and 100-story buildings where the 40-story ones stand.

They see alike, these two immigrants. The man who began without a dime and with a pick, and the man who began with-

out a dime and with a paint brush. They see a greater city—a taller, deeper, faster, brighter, gayer city. Groves of great towers piercing the sky. Commuters whirled from far states through pneumatic tubes in polished carriages. Subway under subway; rivers buried under rivers; roadway over roadway; above all the hovering planes.

And as the city will grow, so will America grow. They see it.

I want to see it, too.

This isn't a success story. If Pat McGovern and Ben Winter had merely gotten rich I wouldn't care a hoot for them.

It isn't a service story, either. These men are not shouting about serving humanity. They do serve humanity, of course. McGovern wouldn't find it worth

while to dig his tunnels if there were not men to ride through them. Winter would not build his buildings if there were not men to live in them. But the tears do not come in their eyes when they talk about it. They sing no hymns—

What sort of a story is it, then?

Well—a vision story—perhaps.

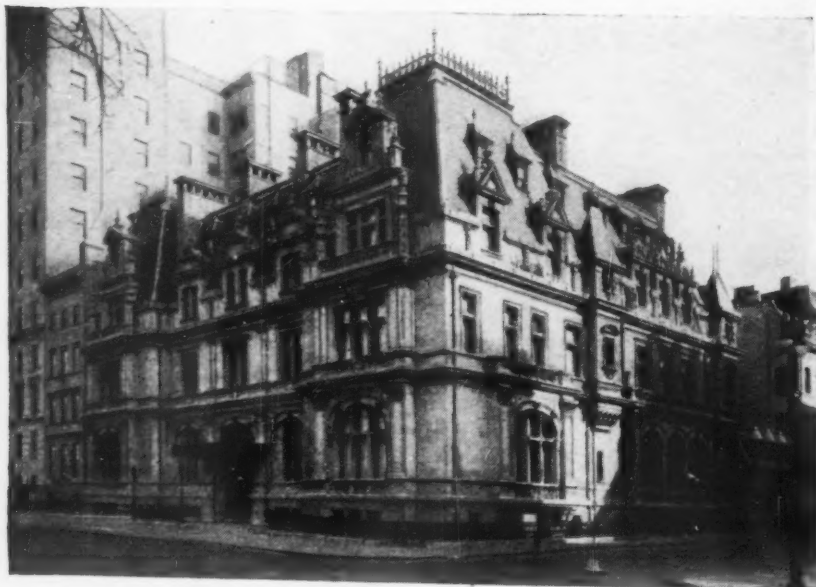
Let me tell about Patrick McGovern. He came here in 1891, a broth of a boy, 18 years old, with jutting eyebrows and big muscles and a pick. He rammed paving stones into place. He worked by day on one man's job. With a pick, mind you. He was so handy with that pick that he was paid a little more each Saturday night than the other men were paid. At night he worked on another man's job. It took him five years to gather up a little stake. Then he took a subcontract for himself.

For he had seen.

The country was growing. More streets would be needed, more tunnels, more subways, more aqueducts. He ventured into

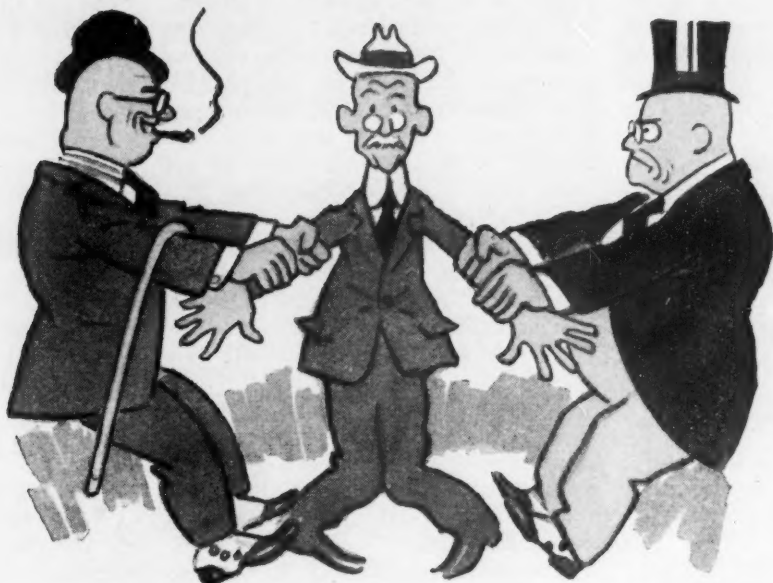
(Continued on page 118)

Benjamin Winter



The Astor mansion and many other ancient citadels of wealth have figured in Benjamin Winter's spectacular real estate operations

BROWN BROS., N. Y.



One Way to Prosperity

By WILLIAM T. FOSTER and
WADDILL CATCHINGS

Authors of "The Road to Plenty"

Cartoons by Charles Dunn

NO ONE who drove along the South Shore that sunny afternoon could help seeing the huge banner in front of the Grand Ocean House:

"SAVE AND PROSPER."

The Savings Bankers' Association was holding a convention.

A little farther south, in front of the Grand Ocean House, the endless stream of cars passed under a mammoth electric sign:

"SPEND AND PROSPER."

The Sales Managers' Association was also holding their convention.

At the meeting of the bankers, the Personal Representative of the Governor arose to deliver the address of welcome.

"May I not address you," he began; and since nobody audibly objected, he *did* address them. He addressed them as "Guardians of the Nation's Welfare."

"For" he declared to them, "THRIFT is the secret of our prosperity."

From that rhetorical spring-board, the speaker dived into a pool of oblivion, as far as the bankers were concerned; for he repeated, word for word, the address of welcome that he had made that morning to the Daughters of the American Revolution.

For the moment, however, he was thinking neither of the Bankers nor of the Daughters, but of the address of welcome



SHALL we save or spend? The banker urges us to insure prosperity by the one course; the sales manager insists that we can prosper only by the other. Which is right—or is either? An economist and a banker in this article give an answer to the question



he was scheduled to make and did make 35 minutes later.

"Members of the Sales Managers' Association, may I not address you as Guardians of the Nation's Welfare, for SALES are the Secret of our prosperity. Where would this country be now, I ask you, if such men as you had not induced the people to spend their money?"

Then, the Personal Representative delivered to the Sales Managers the address

he had just given to the bankers.

"Funny," he mused after the banquet, "how half the world warns us we must save more money, while the other half tells us we ought to spend more. Wonder what the answer is."

He was still wondering the next morning when, at the nineteenth hole of the Desteco Club, he fell into conversation with two of the convention delegates.

"Great speeches at our convention yesterday; interesting and instructive," said the Banker, as the three found chairs on the Club veranda.

"Corking speeches at our convention, too," replied the Sales Manager. "Heard our president say so. He had to sit through them. But how come you know anything about the speeches?"

"Morning Herald," answered the Banker, yawning reminiscently as he thought of all the talks he really *had* sat through in the convention days of his youth.

"Trouble is," the Sales Manager said, "no matter when I break into a convention, I have a feeling I must have heard that speech before."

The Personal Representative stole a furtive glance at the Sales Manager. He looked innocent enough; so the P. R. tried to look innocent too.

"Still," protested the Banker, "we can't hear that speech of Carter's too often. He

certainly did light into this jazz age. Everybody throwing their money around. Why, nowadays the well-to-do spend their money almost as recklessly as the poor. It's time somebody said a good word for the ancient virtue of thrift."

"Holy mackerel!" exclaimed the Sales Manager, "you don't want these tight-wads savin' any more money, do you?"

"What will become of us if they don't?" answered the Banker. "It is only by saving that we ever have prospered. Isn't that so, Connor? Draw up a chair and help educate this economic illiterate."

Enter the Statistician

FRED CONNOR, chief statistician of a Federal Reserve Bank, sat down between the two men and pulled away at his brier pipe.

"I was saying," the Banker told him, "that you can't get around the fact that civilization is founded on savings. If somebody, sometime in the past, hadn't produced more than he consumed we should all be living in dugouts and defending ourselves from wild beasts with our bare hands. But these high-pressure sales promoters not only take all the wages the people get, but mortgage their future wages with easy-payment plans."

"If it hadn't been for instalment sales, the Empire Department Store would be on the rocks right now," the Sales Manager retorted.

"And we may all be on the rocks anyway," warned the Banker, "when several billions of instalments come due in the middle of the next depression."

"We'd be there now," countered the Sales Manager, "if you bankers had put over your thrift campaigns the way you tried to. Suppose everybody saved twice as much as usual next month. What would statistics show then?"

"The worst business depression you ever saw," came the prompt reply from the Statistician.

"I'll say so! Every retailer would cut down his orders and lay off help. That would force every manufacturer to do the same. That would frighten all the raw material people. New enterprises would die; old ones would stop growing; and the more men there were cutting down expenses, the less money people would have to spend. So things would go from bad to worse."

"By no means," the Banker objected. "There's no limit to the amount a country can save to its advantage. Savings are wealth. How can any country have too much wealth? The trouble with you is, you don't follow the savings far enough. What becomes of the money? We don't bury it. We don't even lock it up in our vaults and leave it there. We lend it. So somebody else has it to spend."

"But suppose you *can't* lend it," suggested the Statistician. "Then it doesn't flow on, and *nobody* has it to spend. As a matter of fact, that is exactly what hap-

pens when business begins to fall off. Isn't it a fact that banks advise their borrowers to get under cover as soon as the business skies look dark? Then what happens? Do they borrow *more* money? Not on your life! Instead of making new loans, they use part of their savings to pay off old loans, thereby in effect destroying that amount of money; for unless *somebody* borrows it, it goes out of circulation."

"And the more concerns that follow that policy," added the Sales Manager, "the more there are that *have* to follow it. The whole situation automatically gets worse."

"Even the bankers will admit that," said the Statistician. "So here we are, back where we started. Everybody admits we must have saving; everybody admits we must have spending. The only question is, 'how much?'"

"That's it," broke in the P. R. "Anyone can see that a nation could waste its substance in riotous spending. Likewise, it is entirely possible to carry the virtue of thrift too far."

"Theoretically, no doubt, that's right," agreed the Banker.

"Practically, it's right, too," added the Statistician, "unless saving and spending automatically adjust themselves in the right quantities. But if they do, how can business *ever* fall into a depression?"

"All right," challenged the Banker.

"You say there's a limit to the amount this country can save to advantage. You say the question is, 'how much'? Now, then, will you explain how much is enough?"

"First let *me* ask a question," replied the Statistician. "Would it do this country any good to save a lot of money? I don't mean gold; of course that is real wealth, exchangeable for all kinds of real wealth from abroad. I mean other kinds of money. Suppose this country saved twice as much next month as ever before—or, say, a hundred times as much—would the country be any richer?"

The Limit on Production

NOT an ounce richer, if the money was hoarded," answered the Banker. "But you know very well that we use our money savings to increase our productive facilities, factories, mines, power plants, railroads—more efficient ones, and more of them."

"Exactly." The Statistician smiled. "But why do we put money savings into all these additional facilities?"

"To increase the output of goods," answered the Banker.

"Of course," agreed the Statistician. "Now, then, what is the limit to the output of goods that can be produced with any advantage to the country?"



"No limit at all—a conceivable limit, of course, but no practical limit."

"Then why doesn't the country produce more goods? Is it because there is a scarcity of raw materials, cotton, lumber, coal, oil, iron—"

"In Heaven's name, no; we have more than we know what to do with."

"Would you say it is because we lack productive equipment?"

"Everybody knows we don't come anywhere near using all our productive facilities," the Sales Manager put in.

"Is the trouble, then, a lack of laborers?" continued the Statistician. "Hardly with millions hunting for jobs! Why is it, then, that we don't produce more goods?"

"Because we can't sell them, of course," snorted the Sales Manager, scornfully.

"There's your answer," concluded the Statistician. "Sales limit the volume of

much we can use depends on how much the sales managers can get the people to buy."

"That's about it," laughed the Statistician.

"But that's not the whole story," objected the P. R. "Where does the Government come in? You haven't said anything yet about public works—highways, harbors, schools, libraries, parks, flood prevention dams, and the like. They are certainly national savings, and they are not limited by the buying power of consumers, because they are not for sale."

"But they are limited by the need of private industry for savings," insisted the Banker. "If you take away too much money from the people to build parks and monuments—too much compulsory savings—the people will have nothing to eat or wear. That's not a theory; that's a

most of all last Winter, at the very time when there was a large increase of unemployed men at home."

"The point is," Connor explained, "that as long as such conditions prevail, the country actually can save real wealth by increasing its expenditures for public works. Last Winter, for example, millions of dollars and millions of men were idle; everybody admits that. If our governments—Federal, state and local—had used the idle dollars to put men to work, the country would have gained wealth, to say nothing of other gains."

"Say nothing of them, if you like," exclaimed the P. R., "but there's a lot to say. Ask any public official who has to face a horde of unemployed men, as we had to last Winter."

"So you see," repeated the Statistician, "the question always is, 'how much?' And the answer is: Saving must bear the right relation to spending."

"I always supposed the right relation came automatically," said the Banker.

"A fat chance of that!" exclaimed the Sales Manager. "With several million people exhorting us to save our money, several million others urging us to spend it, and all of us doin' as we please."

"Well, then," said the P. R., "if we can't depend on chance to keep the right relation between saving and spending, we must have some kind of political control. So that is where the Government comes in."

"Nonsense!" cried the Banker. "Nobody would tolerate having the Government tell him how much he must save."

"No need of that," the Statistician protested. "Whenever the flow of money to consumers is right, people can save as much as they please without hurting business."

"And the rate of flow," added the P. R., "is affected by nearly everything the Government does. Taxes, tariffs, loans, payment of debts, pensions, expenditures for highways, flood control, battleships—all affect the flow of money."

"Exactly."

Government and Business

THE Statistician went on to explain that every government activity increases or decreases the buying of consumers, and is therefore either good or bad for business, depending on the state of business.

"The very act," he concluded, "which is helpful when buying is falling off is harmful when inflation is under way; but at present the Government goes ahead spending \$4,000,000,000 a year without paying the slightest attention to the state of business."

"But," he went on, "President Hoover has a program—a definite, practical program, based on sound economics, of saving and spending in right proportion. The trouble now is that no government de-

(Continued on page 153)



Thorton Dunn

"A nation could waste its substance in riotous spending. Likewise, it is entirely possible to carry the virtue of thrift too far"

production; the volume of production limits the amount of productive equipment we can use to advantage; so it's folly to save any more."

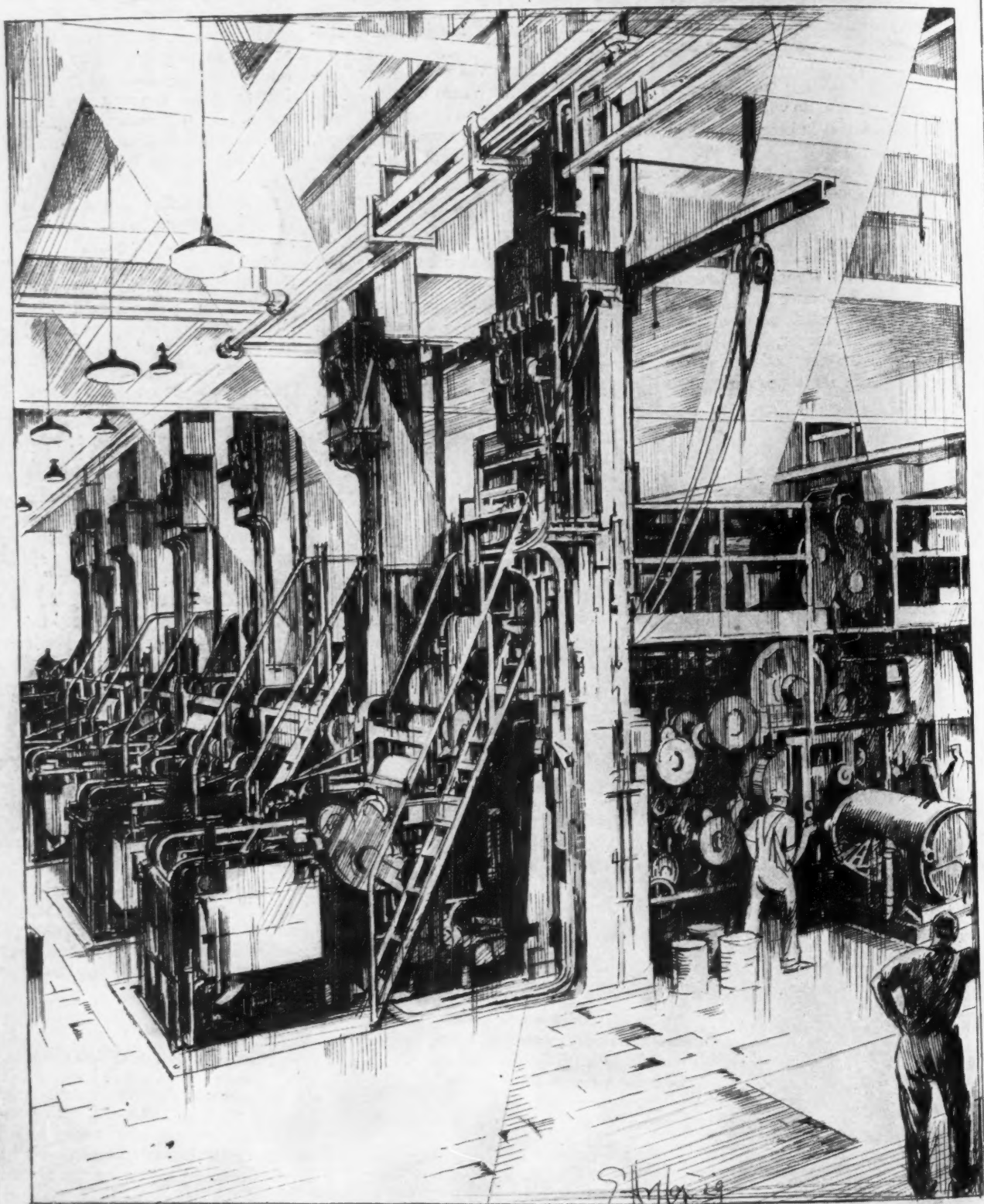
"In other words," added the P. R., "there's no use doing any more investing unless we can increase our spending at the same rate."

"Pretty neat," chortled the Sales Manager. "Never thought of it just that way. Doesn't do us any good to keep piling money in banks and bricks in factories. What can't be used is wasted. And how

fact. It is perfectly possible to tax the people until private industry is crippled for funds."

"True," replied the Statistician, "but there's no approach to that danger in this country. All the statistics prove it. For several years banks have had far more money to lend than they could induce responsible producers to borrow."

"And don't forget," added the Sales Manager, "that we have had so much surplus capital at home that we have been sending a billion dollars a year abroad;



Ben Franklin's Print Shop, 1929—By Earl Horter

IT'S A far cry from the ink-stained hand press at whose levers Benjamin Franklin tugged and strained to these mighty machines of the Curtis Publishing Company, which now whirl forth the modern editions of one of Poor Richard's many enterprises. The clicking staccato and rumbling roar of this battery of great presses is never stilled. Day and night, at the rate of 137 million pages

each 24 hours, the 255 presses that are housed in the Curtis press rooms pour forth their product to every nook and corner of the nation and of the world. These presses, representing the latest developments in the art of printing, spread 25,000 pounds of ink upon 565 tons of paper with every working day. Four and a quarter million copies of the Curtis magazines are printed here each week



Secretary of the Navy Adams, business executive and descendant of two presidents

UNDERWOOD AND UNDERWOOD

The Navy's Pilot Talks Business

An interview with

CHARLES FRANCIS ADAMS

By **OLIVER MCKEE**

Washington Correspondent, Boston Transcript

THE first mission of the Navy is to protect our country in time of war," says Charles Francis Adams, Secretary of the Navy in the Hoover Cabinet. "The second mission, no less important, is to protect American commerce, both in war and peace. Every part of the country is essentially interested in our export trade, the Mississippi Valley no less than New England and California. If these exports are stopped, the industrial system of the country will break down. A strong Navy is a guarantee against interference of our commerce on the high seas and the resulting industrial breakdown."

The new Secretary is not the first of his family to recognize the importance of the Navy in protecting commerce. His words are almost an echo of the views of John Adams, second President of the United

States, who helped establish a Navy in the early years of our War of Independence. They follow closely the views of John Quincy Adams who, as President, proposed establishment of a naval school and called the Navy "the only arm by which the powers of the confederacy can be estimated or felt by foreign nations, and the only standing military force which can never be dangerous to our liberties at home."

His Heritage and Environment

CHARLES Francis Adams is a descendant of these two men. A love of the Navy is his heritage. An interest in business is the result of more than 30 years intimate association with the industrial development of the United States.

Few men of our day have a wider or

more practical knowledge of American business than the keen-eyed, determined man who sits today in the Secretary's office in the Navy building at Washington. He has been a director or officer of half a hundred corporations.

He was born in Quincy, Mass., in 1866 and 22 years later was graduated with honors from Harvard. In 1893 he was admitted to the bar. In his full and active life he has served as vice president of the Provident Institution of Savings; trustee for the Boston Ground Rent Trust Company, the Boston Real Estate Trust, the Massachusetts Gas Company, and the Western Real Estate Trust. He has been a director of the Old Colony Railroad Company, the Old Colony Trust Company, the Security Safe Deposit Company and many others.

For 30 years he was treasurer of Har-

vard University, his incumbency of this position corresponding in a general way with the period of the greatest physical expansion in the University's history.

With this background he takes his position as head of one of the great fighting organizations of the Government. How will he approach the job of running this organization that spends \$375,000,000 a year, with some 90,000 officers and men on its payroll besides many thousands of civilian employees?

Let Mr. Adams answer.

"To ascertain the facts about every problem that comes before him; to apply to those facts a trained and reasoned judgment is the job which faces the head of every industrial organization. The responsibility of the Secretary of the Navy is much the same.

"He must ascertain the facts, and then apply his intelligence and judgment to a solution of each problem that comes before him. That is what the officers of a bank, a trust company, or an industrial corporation must do. The business problems of the Navy are much the same as those of an industrial corporation.

Navy Compares with Big Business

THE American Telephone and Telegraph Company, for example, of which I was a director, spends \$400,000,000 a year in new construction, as compared with about \$100,000,000 a year the Navy spends for new equipment and ships.

"It costs about \$375,000,000 a year to run the Navy Department. This sounds like a lot of money. So it is. Yet many American corporations spend as much, if not more, and from the purely business point of view, running the Navy Department presents no greater problems than does the administration of the affairs of many of our big business enterprises. A long experience in finance and business must be of great help in conducting the affairs of the Navy Department.

"There is one important difference, of course, between the duties of a Secretary of the Navy, and those of the head of a large corporation. The latter is a civilian, and the men and women working under his orders are civilians also. Though the Secretary of the Navy is a civilian, his principal subordinates, the heads of bureaus and the commanders of the fighting forces afloat, are professional sailors. Our Government rests on the supremacy of the civilian over the military. That principle is a sound one.

"The Secretary of the Navy must rely on naval officers for advice on technical questions that come before him for decision. These men are specialists, each in his respective field. The ultimate control, however, must rest under our form of government, with the civilian head of the Navy, under the further control of the President and the coordinate branches of our government."

The quality of the civilian leadership

this descendant of John Adams will give the Navy may be judged from his success at Harvard University. Under his stewardship the funds of that institution grew from about \$13,000,000 to more than \$90,000,000, an increase far greater proportionately than the increase in the student body and the expansion of the teaching staff.

Gifts from alumni and other friends partly explain this phenomenal increase in the capital resources of Harvard but the financial skill of Treasurer Adams had much to do with this growth. His canny judgment, his sound investment sense, helped each year to swell the total of the University's funds. Harvard men have a saying that Charles Francis Adams never lost a dollar of their alma mater's money.

"That is not exactly true," Mr. Adams will tell you with a smile. "A university would never make any money if here and there it did not take a slight risk. Never to have lost a dollar on an investment is a negative virtue."

As treasurer he had complete charge of investments of university funds, subject to the control of the finance committee. The corporation set no limitations on the range and type of investments, leaving that to the discretion of the treasurer and his committee. Mr. Adams and his committee regarded themselves as trustees for the University, and like any trustees used their best judgment in dealing with every investment problem that came before them.

"How to invest so that we took no undue risks was ever the great question that faced us," Mr. Adams explains. "There are always plenty of securities in which to invest money but it was not easy to find those in which we could invest without undue risk, and whose value, at the same time, would keep pace with the prosperity of the country.

Allowed for Dollar's Fluctuation

BONDS had to be balanced by carefully and intelligently selected stocks. We tried to keep the value of Harvard investments growing to offset a possible decline in the purchasing power of the dollar. Bonds must be the foundation of investments, but an institution which holds bonds alone has taken a serious risk. A bond is a promise to pay a certain number of dollars at the end of a certain number of years. But will the sum paid at the end of the period have the real value of the money loaned? Thirty years hence the dollar may not have its full present value.

"One part of successful investing is avoiding undue risks, to invest so that your holdings keep pace with the industrial march of the country. An institution with \$10,000,000 capital in 1900 would have to have \$15,000,000 in 1920 to hold its own if the dollar during those years had shrunk correspondingly in size. It is a mistake to assume that merely because you get back the face value of your in-

vestment, you have avoided a loss. It would take a book to set forth the principles followed in handling the funds of Harvard University, but this was one of the general goals toward which we directed our efforts.

"There are many factors in every investment proposition. One is the personality and the character of the men in charge of the enterprise. Another is the physical equipment and the material resources of the plant itself. Both factors are important, and must be given due weight.

Carefully Diversified Risks

THE personality and the character of the men at the head of an enterprise are not alone sufficient warrant for lending that enterprise money. One must look well into its physical equipment, its assets and many other factors. A wise investor will not lend a man \$100,000 merely because he has an attractive personality, or because he is pleased with the cut of his clothes. These may influence him to some extent, but he will want something more substantial, particularly if he is acting as trustee for some one else's money.

"Diversification is a fundamental rule in successful investing. We followed that rule in the general type of securities we bought. We also applied it geographically. We did not feel obligated to place the bulk of our investments in New England corporations. That implied no lack of faith in New England, but to have given New England more than its proper share would have been to incur an undue hazard. Geographical diversification is as important as any other kind. Harvard funds are invested all over the country.

"In a few instances, a New England security might have been favored because we were better acquainted with its officers and directors, and with its physical assets. But this involved no departure from the general rule that when we had money to invest we tried to employ the principle of geographical diversification.

Harvard's capital resources are growing at the rate of about \$3,000,000 a year. Nor are there any indications of a slowing up in this accumulative process. Can a university have too much money? Mr. Adams doubts it.

"The authorities of a university would be woefully lacking in imagination if they could not find a way to put usefully to work any funds turned over to them. It costs a great deal of money to run a university today. Costs have gone up all along the line, and at Harvard, as elsewhere we are trying to raise the salaries of our professors to an adequate level. Harvard today is giving a better and a more expensive education than it did 20 or 30 years ago. It is a vastly bigger institution than it was 30 years ago.

"There is a question, it is true, as to the maximum size any educational institution

(Continued on page 126)

Selling Stock to Employees

By EDWARD S. COWDRICK

Author of "Manpower in Industry" and "Industrial History of the United States"

HENRY SMITH—or maybe his name is Tony Angelino or Mike Poplawski—is a wage earner in a steel mill. Some 25 years ago the company for which he works began to offer stock to its employees and since then he has subscribed for one share each year.

At the end of 1927 the income resulting from his investment in his employer's business had repaid him every dollar the stock had cost. He had an extra \$883 in cash; he owned seven shares of preferred stock and 23 shares of common, altogether worth \$4,436, and he was drawing an income of \$210 a year in addition to his wages. At the end of 1928 he had one more share and the value of his stockholdings had increased to \$5,007.

An Army of Employee-Owners

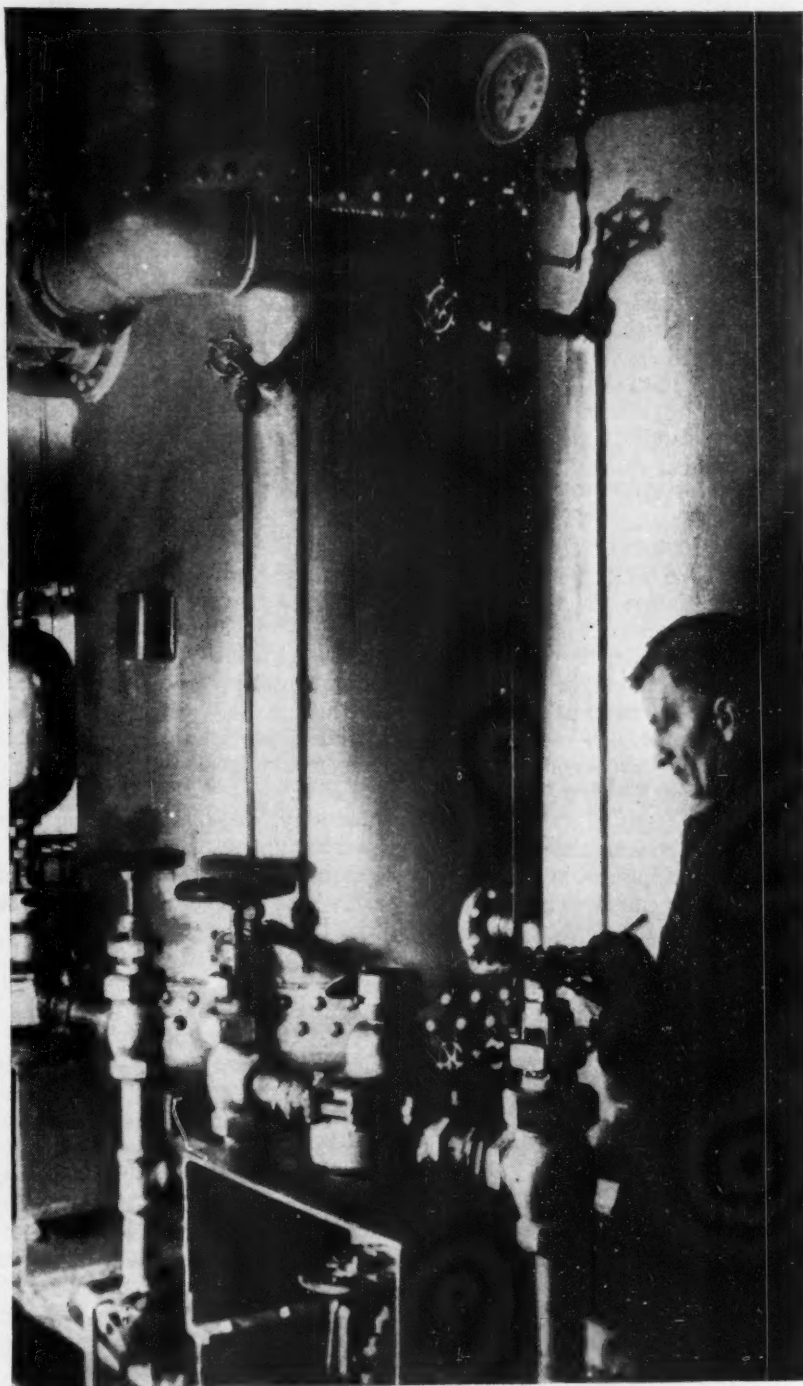
NOW possibly no particular Henry or Tony or Mike has had identically this experience—more likely he has subscribed for more shares each year with correspondingly higher returns—but the example given shows something of the results of stock distribution as it affects the individual working man.

Multiply Henry or Tony or Mike by about a million; scatter the resultant army of employees among some 400 companies, estimate their stockholdings and subscriptions at somewhat more than a billion dollars, and you get some conception of the whole picture.

Even then the figures are incomplete. For the million employees and the billion dollars in stock (as estimated by the National Industrial Conference Board in 1928) represent only the results of stock distribution through definite plans of employers and disregard the holdings acquired by workers in their own or other companies by outside purchase.

It was natural that changes of such magnitude in the status of employed workers, developing mainly within the last few years, should have attracted wide attention and aroused keen interest among observers of economic and social conditions.

By some it has been hailed as a new conception of partnership, the sharing of ownership between labor and capital, even the precursor of an industrial mil-



MARGARET BOURKE-WHITE, CLEVELAND

ARE THE American worker's growing holdings of stock in the concern that employs him leading toward control of industry by labor? What are the effects of employee stock ownership? This study seeks to lift the truth from the welter of divergent views on these questions

lennium in which the machines of production will be owned by the men who operate them. In other quarters the stock distribution movement has been denounced as a scheme of the bosses to undermine the class loyalty of labor and to hold down wages. In attempting to judge between two extreme opinions it is a safe rule to start out with the assumption that both are wrong. The truth is likely to lie somewhere in the middle ground. Perhaps we can find it.

Employee stock ownership is distinctly a product of twentieth century prosperity in America and of the improved economic situation of the wage earners. The worker whose earnings barely suffice to keep life inside his body is not thinking of buying stock in anything. A surplus for investment implies a margin above the poverty line. So far as the wage earner is concerned, that margin never has been so wide at any time or in any country as in the United States in the last few years.

The workers are buying stock primarily because they have money to invest. It is worth while to remember that while stock purchase and subscription by employed workers is estimated at the sizable total of \$1,000,000,000, the deposits in savings banks at the end of 1928 exceeded \$28,000,000,000.

One reason the billion dollars invested in stock subscription plans (plus whatever additional amount has been paid for stocks independently of organized methods of subscription) went into this channel instead of into savings banks is that during the war the mass of the American people for the first time became buyers of securities. Liberty Loan drives passed, but the habit of investment remained. About the same time there came an unprecedented interest in all the relationships between employees and management. As a result of these factors and the high earning power of the workers, employee stock ownership, which had been initiated by a few companies about the beginning of the century, made large gains during the war and was rapidly expanding when the business depression of 1920-22 crashed into the country's financial structure.

Recent Advancing Market

IN the swift decline of security prices some employee stock plans were wiped out. The greater number, however, survived, and with the revival of business which was well under way by the beginning of 1923, the stock distribution movement began another period of expansion which has continued to the present.

Since the middle of 1924, employee ownership has had the advantage of an almost continuously advancing stock market. Many thousands of wage-earning stockholders have never experienced anything like a severe recession in prices. Most of the stocks sold to employees have made impressive gains in value and in

many instances dividends have been increased or stock dividends declared.

In spite of the prosperity of the wage earners and the growth of investment habits among the masses of the people, sales of stock to employees would have made no headway without the active support of industrial management.

What's Behind the Movement?

THE motives which have enlisted that support are various and doubtless sometimes include, among others, the mere desire to adopt a labor policy which is popular at the moment. Of the more logical reasons which have impelled employers to sell stock to wage earners, probably the most potent is the desire to encourage thrift.

This does not mean that employers want workingmen to stop spending money or even to confine their expenditures to the purchase of things that used to be thought of as necessities. The importance of the wage earner as a customer of productive industry is fully understood and the skilled worker's automobile and radio and electric washing machine are taken for granted. Nevertheless, there is no premium on thriftlessness and no employer wants a force of laborers who will go "on the town" at the first period of sickness or unemployment.

From motives both interested and altruistic the manager usually is willing to encourage wage earners to save part of their money. At the same time he realizes that the average workingman, even if he saves money, needs guidance in taking care of it.

Industry, therefore, has seen a rapid springing up of all sorts of savings devices in addition to stock subscription plans. This motive of thrift encouragement has been strengthened by the increasing problem of old-age dependency and the fact that the ordinary industrial pension of necessity stops close to the point of bare subsistence.

Next in importance to the desire to encourage thrift probably has been the hope of enrolling the wage earner as a partner in the industry and thereby developing in him something like a partner's interest in the success of the business. Many employers believe that workers who are also stockholders will exert themselves to promote economy and efficiency and will gain in loyalty to the company and in sympathy with the aims and difficulties of management.

To a considerable extent these hopes have been realized. Doubtless some employers have expected too much and have been proportionately disappointed. But the records of stock subscription plans contain numerous instances of workers whose attitudes changed when they found themselves possessed of shares in the company by which they were employed.

Occasionally another motive, although a minor one, has been the desire to ob-

tain a wider distribution of the stock and to scatter a substantial proportion of company ownership among large numbers of small stockholders who presumably will be favorable to the existing management.

Whatever may have been all the motives of employers in wishing to distribute stock to employees, their efforts have been met more than half way by the workers themselves. Not only have the more intelligent wage earners felt a need for assistance in saving and investing a part of their earnings, but the American workingman has shown an increasing tendency toward capitalism. This tendency is manifested not alone in employee stock ownership but also in the increase of savings deposits, the growth of labor banking, and the rise of insurance and investment projects backed by trade unions.

With employee stock ownership seemingly holding an established place in labor-management relations, it is worth while to inquire as to its probable future course.

First, to what extent may it be expected to expand? The answer to this question depends partly on the course of business and the direction of security price movements in the next few years. With continuing prosperity and in the absence of severe reactions in Wall Street, it is fair to presume that employee stock ownership will show a steady gain in numbers of employee stockholders, in the value of their holdings, and in the number of companies concerned.

The Limitations on Expansion

THIS gain, however, is likely to be gradual and to be limited definitely by the relative scarcity of corporation stocks suitable for the investment of workingmen's savings. Labor and management both have learned some expensive and correspondingly valuable lessons about the kinds of securities that ought to be sold to employees. Many employers believe they ought not to offer stock of their companies—or at any rate common stock—to their wage earners. Some of them are right.

Assuming that shareholding by employed workers is a permanent feature of American business and that it will continue to gain within the limits just outlined, are we heading toward control of industry by labor?

Conceivably, yes; probably, no.

Theoretically it is possible to imagine a future in which the shareholdings of employees will have increased until in many corporations a majority of the stock is owned by men on the payrolls. But to any predictions based on such a theory there are substantial objections. One concerns the growth of capitalism. Employee stock subscriptions, as we have noted, are estimated at a total of about \$1,000,000,000. But new domestic issues of corporate stock in the year 1928 alone amounted to

(Continued on page 145)



BY FRANK LEMON COURTESY, WRIGHT AERONAUTICAL CORP.

Making the Public Air-Minded

By HARRIS M. HANSHUE

President and General Manager, Western Air Express and Fokker Aircraft Corporation of America

WE have reached a point in the development of the airplane as a commercial carrier where we can foresee the eventual universal use of air lines for the movement of passenger traffic. In fact, the increase in air transit is such that we can look forward to the day, not far off, when the airplane will be as common as the other carriers.

Three years ago, when the first regularly organized, privately operated air transport systems were formed in this country, that view would have been exaggerated optimism. Such air commerce as the nation enjoyed had been built up by the slow process of natural growth.

Today, however, the increasing popular interest in the airplane, and the increasing use of planes, give evidence that this slow early growth has been stimulated by new influences.

Two obstacles to the general use of the airplane still remain. They are the pub-

lic's natural fear of the new and unfamiliar, and its reluctance to pay the necessary difference in rates as compared to those charged by the surface carriers.

The problem of surmounting these obstacles resolves itself into two parts—a program of education, and the development of airplanes so that the passenger rates may be reduced.

We're Willing to Pay

OF the two, the former is the more important because Americans never have objected to paying extra for something they wanted. They have patronized the extra-fare trains, bought high-priced automobiles when lower priced machines would have served them almost as well, and they have become accustomed to demanding and paying for the last word in safe, fast and comfortable transportation.

Air transport operators have used a variety of schemes to develop business

for their lines. These plans range all the way from appeals to civic pride and patriotic duty to straight business arguments pointing to the economic advantage of air transit.

The volume of traffic originating at different centers of population will support the statement that the least costly and the most productive method of developing traffic for the airways has been blanket solicitation with an appeal to purely business considerations.

The idea behind this plan is a sound one—that the use of an extra-charge service will be continuous only when the return in profit or satisfaction exceeds the additional cost.

Making the use of the air mail easily available to everyone was the first step in the practice of this theory. Air mail was a vital factor in the growth of the air transport industry for several reasons. It developed specific, key applications of air transit to both personal and business af-

fairs, demonstrating how the air lines might serve the user to advantage. It helped build public confidence in the air lines by letting a great many people discover by personal experience that air transport was reliable. It enabled the air line operators to maintain service on regular schedule between important centers of population.

Developing the Air Mail

IN the case of the Western Air Express, the machinery for the development of traffic includes a sales force and a press department. For air-mail solicitation, we found that we could profitably employ one man for each half million of population. A considerable part of our contact was through the post offices of the areas we served.

At first thought, it would appear uneconomic to hire men to call upon individuals and urge the use of the air mail for business correspondence, in view of the small amount of income derived from each letter. However, the volume of business developed in that manner soon justified the plan.

Our solicitors, who made a door-to-door canvass of the business and industrial sections merely to acquaint everyone with the nature of the new service, found numerous minor misunderstandings which kept many small businesses from using the air mail.

It was generally thought, for example, that, unless an air-mail envelope bearing an air-mail stamp were deposited in an air-mail box, the Post Office would automatically send the piece rail mail.

Our men concentrated on getting over the idea that any envelope might be marked "Air Mail," that any stamps of the right amount might be used and also that any box would suffice, the special air-mail boxes being for last minute mailings.

As Post Office officials lacked funds for literature describing the air-mail service, we had cards and leaflets printed for distribution not only by our canvassers, but also by the mail carriers. Mail chutes were marked, in every office building, stating that "air mail may be deposited in any mail box, including this chute."

The publicity department supported this door-to-door campaign with information to the newspapers. Items were published indicating the variety of uses to which the air mail might be put.

Our men spoke over the radio, before clubs and in schools, until it was felt that everyone in our territory finally under-

stood the use of the air mail. Even then, we did not conclude our door-to-door solicitation.

The sales force was turned loose on business houses to develop new applications of the air-mail service to various businesses, in other words, to find the bets that were being overlooked by business men or by their secretaries and assistants.

Our solicitors blanket the cities in which they work every 90 days, seeking new fields for use of the air mail. They do not confine their activities to the big office buildings and to the business sections of the cities, either. Much of the new business has been discovered in dingy little establishments on alleys.

We found, early in the game, that the small business is the greatest gainer from the air mail because many small concerns have not reached the point where they can afford to use the telegraph generally as do their larger competitors. For the small business owner, the air mail is a boon. The problem was to make him understand its possibilities.

One interesting sidelight on the development of the air-mail business was the envelope situation. When our solicitors first began to canvass their fields, they found the available supply of air-mail

mail a doubtful fad and were unwilling to stock large quantities of envelopes. The situation was such that we had to go into the air-mail envelope business to supply the demand.

The Western Air Express bought air-mail envelopes by the million. That quantity gave us a low unit cost and we resold the envelopes to druggists, stationers and post office clerks in the smaller stations where they were permitted to handle supplies.

We sold them in dozen lots at cost plus the handling charges. They, in turn, resold the envelopes at a penny apiece and made 300 per cent on the transaction. It was good business and meant a nice extra income to these small envelope retailers, every one of whom became an enthusiastic promoter of air mail.

In Southern California alone 1,500 individuals are selling air-mail envelopes as fast as they can. In this business area of two million population, the small envelope sellers are selling a million air-mail envelopes each year, aside from the half million sold in quantity direct to large users.

This all means business for the air transport operator with the air-mail contract, though the direct return to him is

not, in my opinion, nearly as valuable as the fact that 1,500 individuals, scattered over his area, have become ardent supporters of his enterprises and of air transport in all its phases.

This emphasis on the air mail, and the means we have used to develop it, may give the impression that this is the major end of the air transport industry, but I do not look at it that way.

An Entering Wedge

THE air-mail business was the one upon which we concentrated first, feeling that it would serve as the entering wedge into the public's confidence. It offered people the opportunity to use the air lines, to discover without risk that they were reliable, and to become air conscious.

The air mail has made air transport a part of the average person's daily life. If the methods we have used will develop an air-mail business in three years and make it an established thing, there is every reason to believe that these same methods will build up passenger traffic.

In our own case, I feel that the job of building public confidence in the air service was half won when we abandoned the thought that we should appeal to civic pride or patriotic duty in support of the service. In fact, we leaned over backward

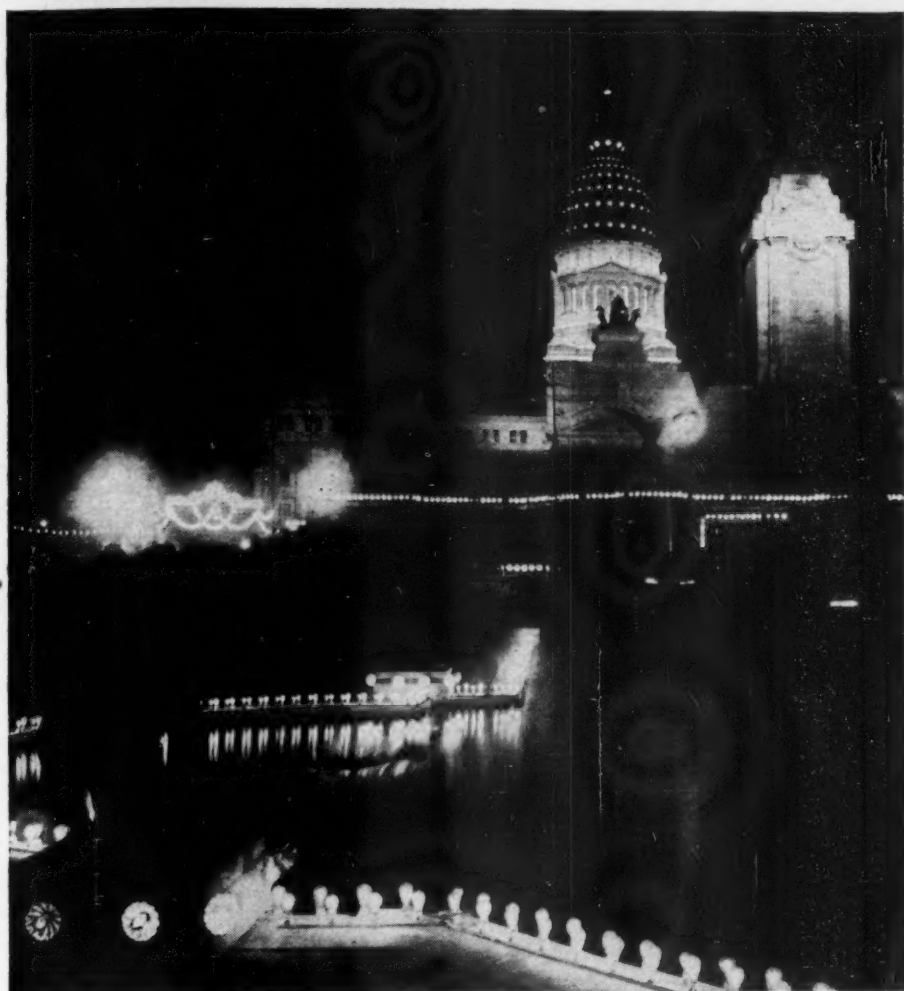
(Continued on page 108)



We must sell people individually on the idea that they are making a good buy when they exchange their money for aerial transportation

envelopes exceedingly small. At that time, air-mail envelopes constituted a special printing job for the average user. In small quantities they were expensive. Any envelope will do for air mail if properly marked but the public likes the envelopes with the red and blue stripes. When they use air mail, people like to have others know it.

The paper houses considered the air



PUBLISHERS PHOTO SERVICE BY E. W. NEWMAN

The Argentine Congressional Building outlined by flood lights

South America Awakes

By WILL IRWIN

WHETHER we like it or not, our thoughts and deeds must turn to South America in the next 20 years as never before in our history. As one of the reporters who accompanied Mr. Hoover on his good will tour I got, everywhere in this slumbrous continent, a sense of a giant awakening, of a forward thrust beginning.

South America's delayed development I attribute to certain social and political anomalies and the physical difficulties of the country. The social and political anomalies are being squashed flat under economic pressure. The geographical difficulties had to await this era.

Not until the post-war epoch did the world have the technical skill, the advanced machinery and the loose, ven-

turesome capital to solve this problem. It is, generally speaking, an engineering job.

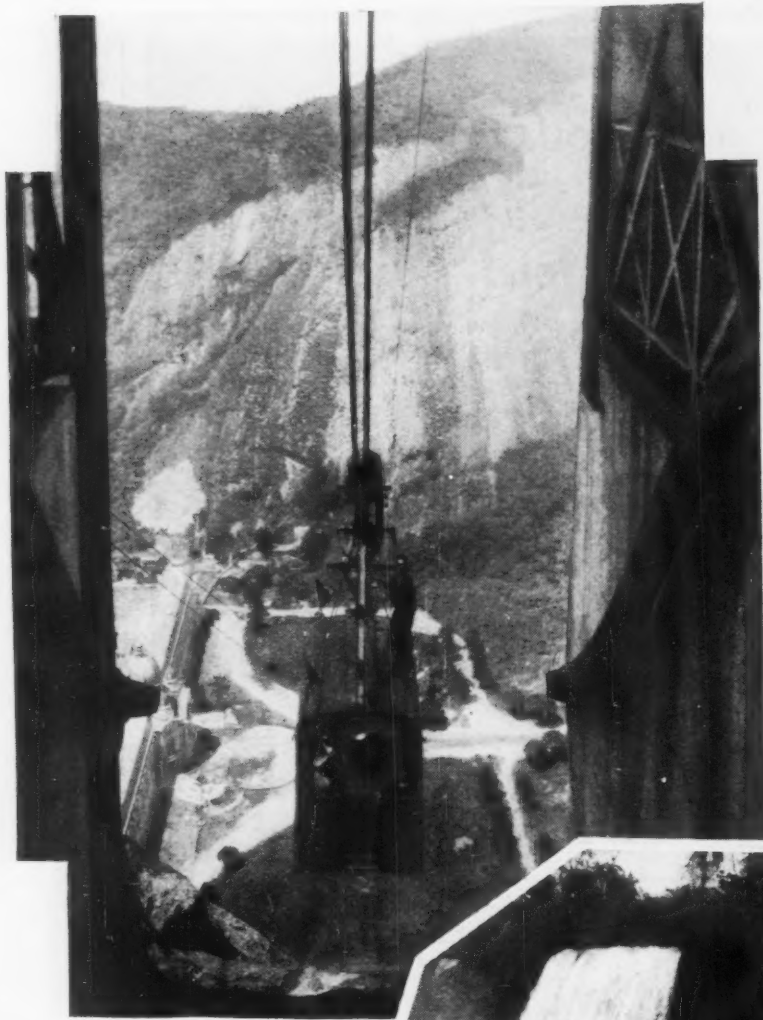
Now, I do not wish to let the eagle scream. Some nations are good at some things and some at others. It just happens that we are best of all at rough, ground-breaking engineering. We learned how to do that when we broke and tamed our continent. We manufacture, on terms beyond competition, the machinery for such jobs. Finally we are under the necessity—to a degree almost embarrassing—of exporting capital. There is little or no surplus capital in South America. The sinews of war for the inevitable development of this continent will come mostly from north of the Rio Grande. The future of North American enterprise seems gorgeously bright when South America

begins, on a modern plan and a modern scale, to develop her resources.

It has been the neglected continent; I think of it now as the continent of the future. From a jumble of vivid impressions and splendid pictures, I pick almost at random a few instances of opportunities awaiting only capital and enterprise.

There is beautiful and regal old Peru. Its trans-Andean part we did not see; but its coast strip, in which Lima lies, is a desert. It rains at Lima seldom or never. "If it did," said a native, "the town would melt"; for it is built largely of plaster and adobe.

But from a point south of the Andean spur, which clutters the northern border, even to the Chilean frontier, Peru has essentially a most arable soil. It needs



The rugged peaks block rail-road development. Only a cable car can negotiate this climb outside Rio de Janeiro

PUBLISHERS
PHOTO SERVICE
BY E. W. NEWMAN



Spouting out of the Andes, innumerable waterfalls offer South America a substitute for the coal shacks



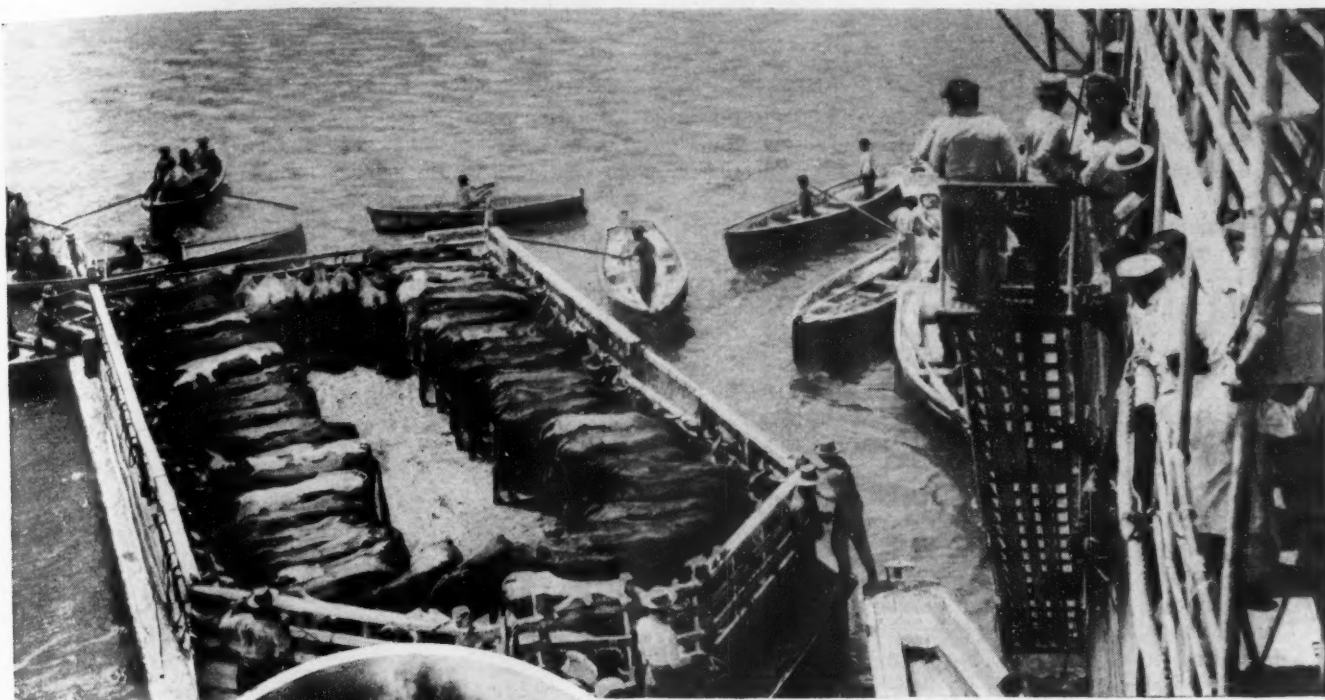
Lands where a few farmers now grub out a primitive existence will, in a few years, feed the world

only water to blossom into lush fertility. That is proved in the narrow area between Callao and Lima, where irrigation has created splendid gardens.

The water is to be had. Backing this area lie the glacial Andes, spouting streams. There is reason to believe that the able old Incas saw this opportunity long centuries ago; archeologists have found traces of dams and canals that fell to ruin after the Spanish came.

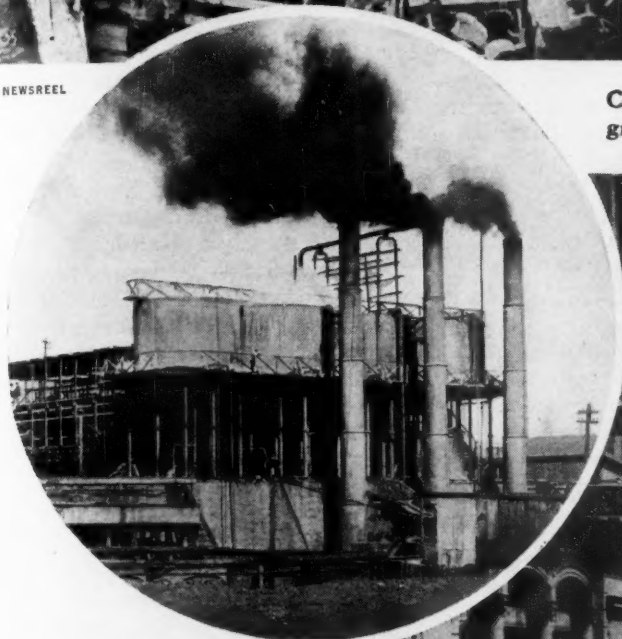
There was the same situation once in southern California, which the coast strip of Peru much resembles in soil and climate; desert before men brought water from the Sierra or from artesian wells, and now—Los Angeles. That will come in Peru also some day—is bound to come. They say that Leguia, the able president-dictator, is working already toward that end.

Cross the border into Chile. Almost half way to the Horn runs a desert absolute, site of those famous nitrate deposits and copper mines which are Chile's main resource. Yet even part of this country, so Chileans tell me, will, when the copper and nitrates are gone, yield to the touch of Andean irrigation. Climatically, that west coast strip is just ours reversed; it runs from arid to semi-arid



INTERNATIONAL NEWSREEL

Cattle from the great Pampas ranches, held under land grants dating back to Spanish kings, begin a voyage to market



One of the unlovely but profitable nitrate plants, source of much of Chile's wealth

and then to a region of profuse rainfall. That rainy temperate country produces rich, fine-flavored deciduous fruit, peaches, apricots, and cherries.

Nearly all the other South American countries produce their own fruits whether temperate or tropical. Now the South American export demand is comparatively slight, but it is Summer and fruit season in Chile when it is Winter in New York and Los Angeles. Some day without doubt, an organized Chilean fruit industry and an organized line of refrigerator steamships—the United Fruit proposition in other terms—will bring fresh cherries, peaches, pears and grapes to the winter markets of the great North American cities; possibly even the European.

Cross the Andean barrier into the great,



PUBLISHERS PHOTO SERVICE

The automobile era is well under way in South America, it is a craze, a furore. Already Buenos Aires boasts a real traffic problem

busy, prosperous and somewhat turbulent Argentine Republic. To reach Buenos Aires you must travel all day across the pampas, as fine a piece of permanent wealth as any country ever owned. These plains have been compared to the black soil belt of our Middle West. It may be unpatriotic of me, but I should say from a car-window point of view that the best of Iowa and Illinois seem poorly endowed compared to this empire of 50 foot-deep sloe-black soil.

A Soil That Can Feed the World

LEAGUE after league one rides without beholding a farmhouse; only the adobe cabins of the Gauchos who tend the flocks or the agricultural laborers. Where they have it in wheat and corn, the land, which as yet knows no fertilizer, breaks into magnificent crops. But it is mostly cattle range.

Now the prophets of dietetics say that the consumption of meat by the human race is bound steadily to decline. Meat-animals simply take up too much room. For our proteids and our fats we must eventually depend mostly on vegetable products. Some day the glorious pampas will be not ranches but farms.

The population of the republic is now less than 11,000,000. Under the new condition, it can comfortably sustain 60,000,000, but before it passes into that era, it must undergo evolution or a severe political struggle. For over this land still reigns the tradition of Spanish days and King's grants; it is held in enormous tracts. Hence the absence of farmhouses, hence the stately parade of mansions in Buenos Aires.

Into that situation is pouring immi-

gration at the rate of 150,000 or so a year, mostly Latin peasants from Europe. Already they are demanding a cut at the land. In this next generation, whether peacefully or turbulently, the Argentine must break up these great estates and let the people onto the land.

At the same time, it must alter the banking customs, which resemble all too much that system practiced by Wall Street 40 years ago and justly criticized by the populace. These things, in the flow of history, will inevitably change; the prophet need concern himself only with speculation concerning the details.

Little Uruguay is one of the admirable countries. It had until recently the highest percentage of literacy on the American hemisphere. It has one of the best universities in the Americas. It is rather too advanced in social legislation to suit the average American taste. But fundamental economic conditions—large tracts instead of small, cattle on land that will bear intensive cultivation—prevail here as in the Argentine. As in the Argentine they must inevitably change.

One who saw South America only in flashes or through the vision of native experts, must apologize even for touching on the undeveloped wealth that is Brazil. There, doubtless, is one of the coming world powers. It has about the area of the United States omitting Alaska. When we say that it is only half explored, we speak hazily.

Everywhere there is an Indian population, often in the poison-arrow stage but human beings endowed with speech. From them, the geographical authorities of Brazil know the lay and character of lands to which civilized man has not yet penetrated.

Everywhere in those tropical jungles beside the spreading Amazon lie fertile plateaus which are white men's country. Such is that region where Henry Ford, in anticipation of the coming South American demand for automobiles and tires, is installing his great rubber plantation.

These areas cannot be settled merely by pushing westward in a covered wagon. Men must engineer the way through the jungles. But settled they will be against that era foretold by most dietetic prophets when we shall look to the tropics for the major part of our food supply.

There is a bewilderment of other untouched resources. For example, somewhere in that hinterland lies a deposit of iron ore as extensive and rich as our own veins on the northern border. Here I write not loosely but upon the report of eminent engineers who have surveyed it.

Wealth That Waits Its Turn

AT present this ore cannot be used. Though Brazil has the only coal in South America it is too low grade for coking, and coke is necessary to steel-making. Even now, however, surveys show that this Brazilian iron can be wedded to coke in the European or American markets at only a shade less than a profitable return. As Minnesota, Lorraine and Sweden work out their veins this Brazilian iron will come into its own.

Except for steel-making purposes, Brazil and South America generally need coal less than any other region of the world. That boom town of Sao Paulo, which has quadrupled its population in 20 years, whose factories are driving European and North American cotton goods out of the southern market, turns most of its wheels by white coal.

No continent, not even our own, holds such possibility for development of water-born electric power as South America. The gigantic, precipitous, branching Andes, second highest range in the world, have presented hitherto the chief hurdle to material progress in South America. Time will turn them into its greatest asset.

They run at full height from north to south; even under the equator they gleam with those glaciers which feed, down dizzy slides and cataracts such wealth of waters as the Amazon and La Plata. Eventually they will turn the wheels of many plants in Sao Paulo.

Brazil has its start in manufacturing. The Argentine where European peasant immigration, piled up in the towns, afford a plentiful supply of labor, is working in the same

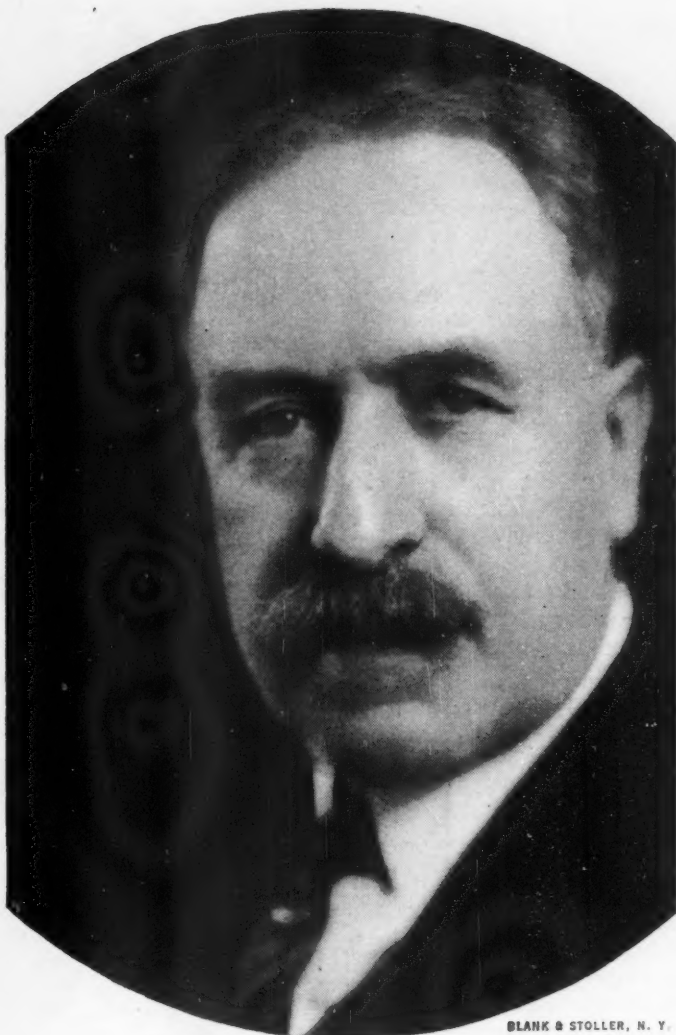
(Continued on page 170)



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Sao Paulo has quadrupled its population in 20 years and her factories are driving European and North American cotton goods out of South America

S. CRISTY MEAD has spent 32 years at a job which offers little money but so much else he would not trade it for any other. Here he describes the things he finds bigger than money and to which he pins his hope for the future of humanity



BLANK & STOLLER, N. Y.

I Believe in My Work

By **S. CRISTY MEAD**

Secretary of the Merchants' Association of New York

THE secretary of a certain chamber of commerce in a western city recently found himself face to face with the fact that the industrial development committee of the chamber, headed by a wealthy and powerful local manufacturer, had passed a unanimous resolution that 50 per cent of the chamber's revenue be spent in bringing new industries to the town.

It was the most difficult crisis the secretary had ever faced. As an expert in his field, he knew that for him to approve or support such a policy meant that the usefulness of the chamber along many lines would be crippled. Yet to disapprove meant that the powerful group back of that ill-considered move would withdraw its membership and support from the chamber—in which event the secretary's resignation would probably be in order so

that there might be no obstacle to their return.

That was not pleasant. He wanted to stay where he was; he believed in his work; he felt that the community was benefiting from his services and progressing in a way that had long been a source of immense satisfaction to him. Now the whole thing was in jeopardy.

Help Home Industries First

ON the horns of this dilemma he faced the committee.

"If we are to induce new industries to come to our city, and to make them permanently glad they came," he said, "there are certain preliminary steps we should take. For instance, we might, in my judgment, begin by eliminating some of the obstacles in the way of further expansion

by industries we already have. If we do that, we will create conditions so excellent that they will attract new industries without our having to spend 50 per cent of our income in subsidizing them."

Then he showed what some of the local problems were, lack of housing facilities, lack of schools, adverse railroad rates, a bad power and fuel situation, and so on, the correction of which he suggested was clearly a job for the chamber to tackle before it did anything else.

He observed that if these obstacles to industrial expansion could be removed, local industries would begin to grow; and that if such growth added 100 men to the local payroll, that would be equivalent to bringing in one new industry. Thus the town would gain in every way, both through local industrial growth, and through the legitimate and authentic in-

duancements the change would offer new industries. Such growth would be healthy, and it would need no artificial stimulants.

The committeemen listened; they acted on that counsel. The results, I understand, have justified their action.

I tell the story here because it seems to illustrate in a striking way the nature of the service a competent secretary, as an expert in chamber of commerce problems, can render his organization.

What he gave was skilled counsel, and that was the very thing he was there to deliver. He was a good secretary, because out of his special knowledge in his field, he was able to express to those busy men who were not specialists, what they really thought, felt and wanted. He was able to put them in touch with facts which he knew, but which they had not fully realized. He made a report, so to speak, on which they could safely act—not because he was any more sensible in these matters than they, but because he had a clear knowledge of the facts to be considered.

As a chamber of commerce secretary he was in somewhat the position of an attorney and an executive combined. He placed a certain kind of knowledge at the disposal of a client, suggesting this, cautioning about that, doing all he could to help his client arrive at a sound judgment; and then later he undertook, in his capacity as an executive, to put the decision into effect. That is typical, I think of the relationship which may well exist between a secretary and the organization he serves.

A New Profession of Service

I HAVE, for 32 years, been a commercial organization secretary. In that time I have seen this work emerge as a new and distinct profession, for which I have a profound respect, and in the future of which I have a lively faith. I am proud to be a member of it, and to have been identified with its beginnings. If I had that 32 years to live again with a choice between such work and any other kind I know of, I would take the same job, because I value the opportunities for usefulness and the deep satisfactions it offers.

If a young man should seek my advice as to the choice of a profession, I would tell him that here is one which, if he is fitted for it by temperament and ability, would give him an opportunity to be useful to his fellow men.

I would tell him this in spite of the fact that my own experiences as a secretary, and those of other men I have known intimately in this field, have given me ample opportunity to ask myself whether the thing to which I have given

my life is worth what it costs—and why.

For the man intent on accumulating money it certainly offers no attractions. Yet men who go into it because their hearts are in it, find something that holds them from other enterprises promising wealth, power and importance in the eyes of the world.

What holds them? I think that question is worth answering. A sound answer to it may help clarify the motives of young men who are just entering this work; and it may sharpen the purpose and strengthen the courage of others who after years of effort are tempted to ask themselves, "What's the use?"

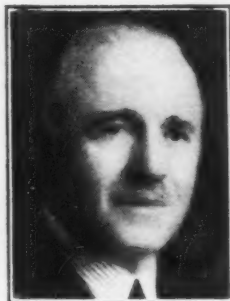
When I speak of the organization secretary and what he does, I have primarily in mind his function as the tool of some-

thing bigger than himself, something bigger even than his organization—a sort of community "over-soul," if you like.

That means that he must forget himself in his work, that he must root out of his heart every jealous desire to take credit for what he assists his organization to accomplish. It means that he must be content to remain in the background, to take the lowest seat, and to lose himself in something bigger than he is. From such service incidental credit and reputation may finally come, but little fame and no wealth.

In this profession the "service" idea is universally accepted and applied. It has for its purpose the raising of standards of business practice. Through such improvement it aims to increase the hap-

Business Men You Have Read About



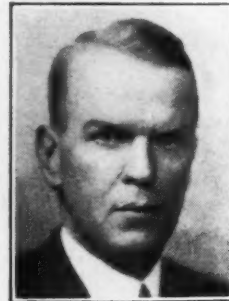
EXPANDING

R. S. McLaughlin of Ashawa, Ontario, is boss of General Motors in Canada. Recently Motors absorbed McKinnon Industries, one of the Dominion's oldest firms making auto parts and accessories



YOUNGSTER

President of a \$150,000,000 corporation at 35. That is Lewis H. Brown of New York, a former salesman now head of Johns-Manville. His executive ability was developed in the mail-order field



SUCCEEDS

While a captain in the air service, David G. Ong's superior was Col. H. S. Brown, who later became president of the U. S. Leather Company. They stuck together, and now Ong is president



DAD'S AGENT

Charles Edison of Newark, son of Thomas A., and president of Thomas A. Edison, Inc., is now named to lead the Splitdorf-Bethlehem Electric Company. Father invents, son sells his merchandise



AIR BOSS

W. E. Boeing has too many aviation jobs to get them all in this space. He is head of the Boeing aeronautical companies. He started his first factory at Seattle with 30 men. Today it employs 1,300



RENAMED

Fourteen years ago Alfred B. Koch of Toledo was president of the National Retail Dry Goods Association. Now he is reelected to the same position, succeeding Ralph Hudson of Baltimore

business and effectiveness of people. It is the privilege of the commercial organization secretary to vitalize and give direction to the up-reaching, aspiring impulses which, we should remember, are quite as truly present in modern business as are impulses that are ignoble and base.

To make of one's self a medium through which those up-reaching impulses can express themselves effectively may be counted as something worth while. It is a reward in itself; and I think there is no other profession, not excepting the church and the teaching profession, that can claim so full a measure of it, or can point to results as substantial.

It is the job of a commercial organization secretary to help bring about conditions that will make for things that are

fair, decent and right in the daily lives of people, and to help eliminate conditions that put a premium on dishonesty, oppression, competitive throat-cutting, and other forms of jungle brutality that have no place in an economic order that calls itself civilized. To me it seems an inestimable privilege to be professionally engaged in assisting the larger business consciousness of a community to achieve such ends. I think it is second to no other job.

There are spurious forms of business idealism which talk in sentimental quavers and mean not a word of it, even though they may think they do. It is not that kind of sentimentality I have in mind. What I am thinking of is a rational, practicable utilitarianism in business ethics. There is no sounder founda-

tion for a real national culture than decency and right practice in all that concerns commerce and money.

If it is true that the love of money is the root of all evil—or of most of it at any rate—then there can be no more direct route to a sound culture than the pocket-book route, the commercial route, the business route.

Money to Chain Up Mars

THERE is nothing sordid about such a doctrine. If you correct a man's angle of vision with respect to money and the means by which money may properly be made, you have cured most of his spiritual ills. The same is true of nations in their relations with each other. Every war is the result of some form of commercial astigmatism. That is why the International Chamber of Commerce is becoming the most potent agency for peace.

What the whole world needs to learn is that the welfare of individuals and the welfare of society are mutually interdependent, and that it is impossible to injure one's fellow without, by indirection, injuring oneself.

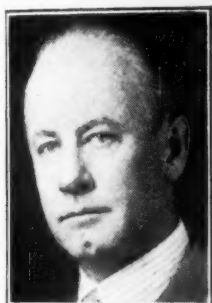
I have no Utopian notion that it is possible summarily to end cut-throat competition and wrong and cruel practices by fiat. But it is possible to get men to act honestly if the rewards of dishonesty are not too overwhelmingly great, and if conditions of mutual agreement can be created which will enable them mutually to disarm, so to speak. Many a business man who is thirsting for a chance to live up to his ideals of right finds he can't do it alone without destroying himself.

The modern commercial organization by producing mass action makes it possible for individual business men to be honorable without having to pay heavily for the right to follow their best impulses. In many instances it even puts a premium on fair play. It is foolish to preach a forced and sentimental individualistic morality in business. Such preaching is hollow. You can't talk personal idealism in business to men who are fighting for their lives, with the fingers of a savage competition at their throats.

They will take to personal idealism thankfully enough when business organizes and cooperates and calls off the dogs of war. That is what commercial organizations are gradually doing. We are at the beginning of the change. What has happened so far has come about for the most part within the last 10 years. The development of the next 20 will be worth seeing.

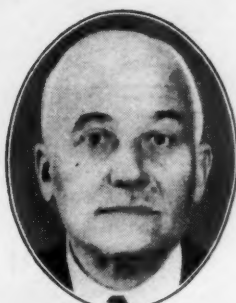
In a sense this hope for the future
(Continued on page 186)

In the Passing News of the Month



AIR MERGER

New Aviation Corporation, largest of air holding companies, is headed by Graham B. Grosvenor of New York, who formerly ran Fairchild Aviation, one of the merged companies. Its activities are varied



OIL KING

Sir Henri Deterding, stormy petrel of petroleum, started business collecting oyster shells in the South Seas. Now he is an international oil king, fighting for every drop. His partner is John Bull



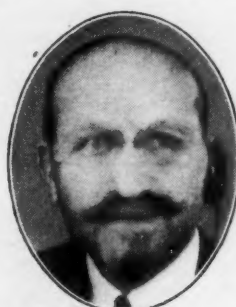
STEPS UP

J. J. Pelley is the new president of the N. Y., N. H., & H. His rail-roading experience began in 1899 with the Illinois Central, as station clerk. Lately he was president of the Central of Georgia



ANOTHER AL

Allard Smith, engineer and banker, is president of the Cleveland Chamber. He started the Commercial Club, and raised a million and a half for such uninspiring work as surveys of city tax plans



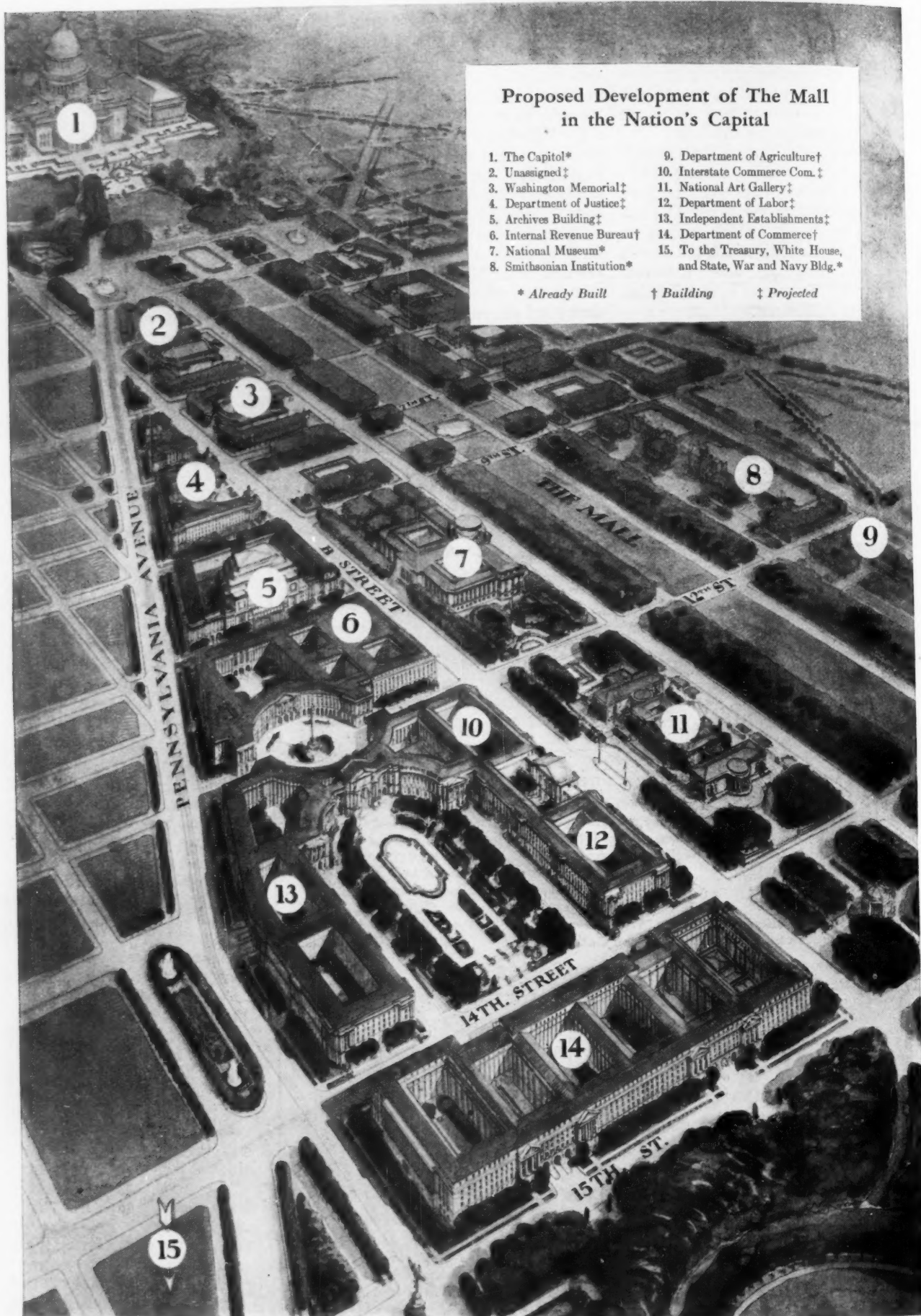
HISTORY

The history of New York City over a 300-year period is comprised in a collection of books, paintings and lithographs, presented by J. Clarence Davies, real estate man, to New York City Museum



TRAINS LADS

Not so long ago Nicholas Roberts of New York started as a bank clerk in Illinois. Now he is president of S. W. Straus & Co., investment bankers. He likes to hire and develop the office boys himself



Proposed Development of The Mall in the Nation's Capital

- | | |
|-----------------------------|---|
| 1. The Capitol* | 9. Department of Agriculture† |
| 2. Unassigned‡ | 10. Interstate Commerce Com.‡ |
| 3. Washington Memorial‡ | 11. National Art Gallery‡ |
| 4. Department of Justice‡ | 12. Department of Labor‡ |
| 5. Archives Building‡ | 13. Independent Establishments‡ |
| 6. Internal Revenue Bureau† | 14. Department of Commerce† |
| 7. National Museum* | 15. To the Treasury, White House,
and State, War and Navy Bldg.* |
| 8. Smithsonian Institution* | |

* Already Built

† Building

‡ Projected

PHYSICAL reorganization of the Government, now under way in Washington, contemplates among other things this mile-long triangle of federal buildings. More important than this physical reorganization, however, is the reorganization

of the Government's departments and bureaus, a subject that is being widely discussed just now in both governmental and business circles. William Hard, trained Washington observer, deals with it here fully and authoritatively

COURTESY SUPERVISING ARCHITECT'S OFFICE, TREASURY DEPARTMENT

Untangling the Government



PART III

THE general principle of major purpose seems the most serviceable guide and the one that is most likely to be followed by President Hoover's administration in the far from easy task of reorganizing the Federal Government.

Certain major purposes in the Government are even now organized in such a way that they head up to one responsible officer—usually a Cabinet Minister—who is able to give them a reasonably undivided and undiverted attention.

Others, however, are still orphans, boarded out among our various executive departments and independent establishments. They enjoy the care, at the best, of foster-parents. The most immediate task in federal reorganization is to get these unhappy children together in their respective family groups and to give to each group a Cabinet Minister or an Assistant Cabinet Minister who shall protect and nurture them with undivided enthusiasm.

Among our contemporarily motherless general purposes are education, health, engineering works, general care of veterans, and conservation.

In this article let us discuss the general purpose of *conservation*, describe its present situation and distribution in the Federal Government, and outline the plans which have been formed to collect its scattered fragments together under an officer of Cabinet or near-Cabinet rank.

Hoover Foe of Waste

THE President has shown a most special interest in conservation. One of his first executive orders was for checking the undue and unneeded production of petroleum on western federal lands. Further, as Secretary of Commerce, Mr. Hoover repeatedly declared his belief that the conservational activities of the

By WILLIAM HARD

Government should be reorganized into an administrative entity which would provide them with two things which they do not now have—the impetus of concerted direction and the cleansing glare of publicity and public opinion.

Moreover, in addition to Mr. Hoover's views, there are Mr. Hoover's personal professional experiences. As a mining engineer, he long ago became familiar with the world-wide need for the conservation of natural resources. It is altogether safe to calculate that a better organized attack by the Federal Government upon the whole general subject of waste of natural resources and conservation of natural resources will be among the quickest and strongest aims of his administration.

Let us then gaze at conservation as it now lies in the Government's distracted and unpointed care.

Our start has to be in the General Land Office of the Interior Department. There lies the vast bulk of our western federal landed public domain. Almost 200 million acres of it, an area larger than all New England and all the Middle Atlantic States combined, is still wholly unappropriated by private settlers.

There our emphasis on conservation should begin, and there, in fact, it should be at its peak, shedding a sort of conservational sunlight and stimulus over the whole federal scene. It is precisely there, however, that one of our most colossal failures in conservation has been recorded.

A considerable proportion of our present public domain was at one time coated, thickly or thinly, with grass. Citizens have been permitted to drive their herds

of cattle and their flocks of sheep through it as through a public commons. There has been no effective effort to prevent overgrazing. The consequences were fairly accurately stated by former Secretary of Agriculture Wallace when he said:

"In the public domain there is no administration with reference to conserving or improving its grazing value. The man who gets there first gets the grass. The result has been devastation. It is all in that scant rainfall country. They have eaten the grasses to the roots. When that is done in that country, it takes ages to get the grasses back on the land."

A Double Failure

THE General Land Office itself in its last annual report says:

"Through sufferance our public lands have become in theory a grazing common, but through lack of supervision in many instances they are not available to all on equal terms. Furthermore, lack of control has resulted in overuse and destruction of the forage growths."

So, according to the General Land Office itself, we have not preserved equality of opportunity on the public domain and we have not preserved the grazing surface wealth of the public domain. In this matter we have quite failed to accomplish either of the two objects which a policy of conservation would have sought and reached.

That conclusion involves no criticism of the General Land Office. The office was established at a time when our explicit and expressed public policy was to propel our public domain as rapidly as possible into private hands for private, unrestricted development. A change of times and of needs has brought with it no adequate parallel change in federal organized ideas and methods.

The General Land Office in its inception and in its most vigorous prime was a

sort of "Division for the Rapid Transfer of Federal Natural Resources to Private Settlers, Owners and Users."

That was, for those times, an absolutely legitimate ideal. It had the backing of our ablest and most patriotic statesmen. It has been reversed not by an improvement in patriotism but by a revolution in national necessities.

The reversal, however, has not been accompanied by any sufficient shifting of federal organized viewpoint and setup. We never have established—and we do not now possess—any office or bureau which conceivably could be called a "Division for the Conservation of Federal Natural Resources for the Common General Welfare."

Instead, we have allowed the General Land Office to slide along more or less on the momentum of the psychology of the old day, while we have installed new offices and bureaus, often very far away in organization from the General Land Office, to greet each rising phase of conservation with a new and separate staff of specialists and—in a word—to accomplish conservation piecemeal.

Nobody is Responsible

THIS piecemeal method has meant—and means—that there is nobody in the Federal Government who can say to himself:

"I am the chief of the whole round of the conservational activities of the federal Government, and the public looks to me for a federal conservation policy, and for its success."

The results of this situation are not trivial. They go to the very foundations of public efficiency and of public morality. The opinion is widely and properly expressed in Washington in the highest quarters that, if the idea of conservation had been elevated to coherent prominence in the Federal Government with a secretary—or even an assistant secretary—of conservation, we never could have had that prodigal alienation of our natural resources known as the naval oil reserve scandals.

Present plans, therefore, in the field of federal conservation, all tend toward the erecting of a Conservation Division which will embrace the dozen or so federal activities that rightly can be called conservational and which will have at its head at least an assistant secretary who, having a very large job, will be able to find in it an opportunity befitting a big man.

If such a man were asked by President Hoover today to come to Washington and to survey the Federal Government as an instrument and agency of conservation, what would he find?

He would probably, before looking, make a little list for himself of the things our present national necessities require us to conserve.

He would write down, for instance, mineral resources, timber resources, wild

animal resources, water resources, recreational resources.

He would then start out to find the people engaged in conserving those resources in the Federal Government. He would have a long walk. He might look first for the people who are engaged in conserving wild animals. He would thus immediately find himself in the Department of Agriculture.

The Biological Survey of the Department of Agriculture is our great custodian and fosterer of wild life. It maintains 78 wild-life reservations or refuges. It has a double aim in its existence. It exterminates "varmints," like wolves, coyotes, mountain lions, bobcats, lynxes, prairie dogs, pocket gophers, porcupines, moles and field mice; and even mice in the houses of alarmed dwellers in cities.

It also cultivates and encourages beneficent and useful creatures like muskrats, bison, antelope, mule deer, mountain sheep, reindeer, karakul sheep, raccoons, martens and silver foxes. It especially delights in wild animals which bear furs. It therefore adores swamps.

This love of swamps, one of the Biological Survey's main points, exhibits most strikingly its conservational—rather than agricultural—character. Agriculture wishes to reclaim lands from being swampy. The Biological Survey suffers great agony when a swamp is drained and a muskrat loses its home.

Indubitably the labors of the Biological Survey are of enormous value to farmers. So, however, are the labors of the scientists in the Bureau of Standards in the Department of Commerce and the labors of the railway rate-makers in the Interstate Commerce Commission. We surely cannot keep on hurling duties into the Department of Agriculture simply because those duties somewhere touch the welfare of farmers.

Former Secretary of Agriculture Wallace once defended the presence of the Bureau of Public Roads in the Department of Agriculture with the argument:

"Go into any farming community and look at the trucks on the roads. You will see cattle and hogs hauled long distances by trucks. That is a matter that is related to agriculture."

Therefore all our federally aided roads should be built under the guidance of the Department of Agriculture!

Back to Major Purpose

THAT sort of argument, if just a little bit extended, would make the whole problem of federal reorganization remarkably easy. Let the Department of Agriculture, dealing with soil, take the whole land surface of the country. Let the Navy, dealing with water, take all the rivers and lakes. Let the Advisory Committee for Aeronautics take the air. Q. E. D., and done!

The only safety from such reductions to absurdity is to stick fast to major

purpose and to major purpose alone. The major purpose of a Secretary of Agriculture is to promote profitable farming.

The major purpose of the Biological Survey is to conserve wild life for the benefit of farmers, trappers, hunters, vacationists, citizens in general, and the nation at large.

Its proper place, therefore, in principle, is in a Conservation Division in a general department which is not dedicated to the special business welfare of any one group of citizens and which can promote conservation even against the interests of any one group.

Where Conservation Belongs

THAT department, it has been commonly held in almost all reorganization plans, *should be the Department of the Interior*, with its name changed to some such phrasing as "The Department of Public Domain and of Public Works."

This is because the Department of the Interior even now contains within itself, besides the General Land Office, at least four other bureaus which have public domain duties. They are the Bureau of Indian Affairs, the Geological Survey, the Reclamation Service, and the National Park Service.

Let us glance first at the National Park Service. It now manages a score of national parks having an area of some 20 million acres.

Let us hasten back then, for a moment, to the Department of Agriculture and there observe, besides the wild animal refuges of the Biological Survey, certain other refuges—refuges for trees. Let us observe—in other words—our Forest Service.

The Forest Service of the Department of Agriculture now manages some 50 national forests with an area of approximately 160 million acres of public domain.

The acreage managed by the Forest Service of the Department of Agriculture was taken from the public domain of the General Land Office of the Department of the Interior. The Department of Agriculture has at times maintained the following proposition:

Our public domain should be—as it were—sliced with a knife horizontally through at the level of the bottom of the grass roots and tree roots. Everything beneath that level should remain in the Department of the Interior where the Geological Survey could conserve its mineral resources. Everything above that level, since it is capable in fact or in theory of producing vegetation, should be transferred to the Department of Agriculture, where the Biological Survey and the Forest Service and other related agencies could conserve its animal and plant resources.

We thus would have one department doing the conserving of the surface of the

(Continued on page 161)



UNDERWOOD
AND UNDERWOOD

George Otis Smith

What the New Oil Policy Means

By GEORGE OTIS SMITH

*Director, United States Geological Survey and Former President,
American Institute of Mining and Metallurgical Engineers*

THERE will be no leases or disposal of government oil lands no matter in what category they may lie, of government holdings or government controls, except those made mandatory by Congress. In other words, there will be complete conservation of government oil in this administration."

This statement issued at the White House March 12, less than ten days after his inauguration, defines what may reasonably be expected to become the Hoover policy on oil.

Let us examine this policy to determine just what it means, physically applied, how it will affect production of oil from government lands, and what, if any, will be its influence on private oil exploitation.

Permits to prospect for oil on govern-

ment land and leases of this land for development have hitherto been issued under the mineral leasing law passed by Congress February 25, 1920. Between that date and June 30, 1928, the end of the fiscal year, 197 million barrels of oil were produced from public lands under government lease and permit. For the fiscal year, 1928, some 23 million barrels were produced.

Overproduction Will Cease

THE President's decree will have small immediate effect on this production. However, the best time to stop production is before the wells are drilled and to this root of the tree of overproduction the President has laid his axe.

Immediately after his statement was is-

sued, Secretary of the Interior Wilbur instructed all local land offices, through the commissioner of the General Land Office, to receive no further applications for permits to prospect for oil and gas on the public domain and to reject all applications now pending.

This means that the 4,500 permits to drill in federal fields usually issued annually will be withheld. It means, further, a considerable thinning out of the 20,000 oil and gas permits now outstanding. Secretary Wilbur has appointed a committee of three to pass on these permits and recommend which should be cancelled.

On this committee are Edward C. Finney, solicitor of the Department of the Interior; William Spry, commissioner of the General Land Office, and myself. To

(Continued on page 229)

The Map of the Nation's Business

By FRANK GREENE

Managing Editor, Bradstreet's

BUSINESS INDICATORS

Latest month of 1929 and the same month of 1928 and 1927 compared with the same month of 1926

Production and Mill Consumption	Latest Month Available	Same Month 1926 = 100%		
		1929	1928	1927
Pig Iron.....	March	108	93	101
Steel Ingots.....	March	112	101	102
Copper—Mine (U.S.).....	March	123	93	92
Zinc—Primary.....	March	102	103	104
Coal—Bituminous.....	March*	91	96	132
Petroleum.....	March	135	122	124
Electrical Energy.....	February	132	117	110
Cotton Consumption.....	March	142	95	109
Automobiles.....	March*	131	97	91
Rubber Tires.....	February	142	125	105
Cement—Portland.....	February	110	110	95
Construction				
Contracts Awarded—36 States—Dollar Values	March	84	99	103
Contracts Awarded—36 States—Square Feet..	March	94	103	101
Labor				
Factory Employment (U.S.)—F. R. B.....	February	96	92	96
Factory Pay Roll (U.S.)—F. R. B.....	February	99	93	97
Wages—Per Capita (N.Y.).....	February	105	102	103
Transportation				
Freight Car Loadings.....	March*	96	98	104
Gross Operating Revenues.....	February	103	99	102
Net Operating Income.....	February	134	110	110
Trade—Domestic				
Bank Debits—New York City.....	March*	180	136	104
Bank Debits—Outside (?).....	March*	118	105	101
Business Failures—Number.....	March	100	113	108
Business Failures—Liabilities.....	March	119	179	189
Department Store Sales—F. R. B.....	March	107	101	98
Five and Ten Cent Store Sales—4 Chains.....	March	139	122	107
Mail Order House Sales—2 Houses.....	March	133	104	102
Wholesale Trade F. R. B.....	February	93	96	94
Trade—Foreign				
Exports.....	February	126	105	106
Imports.....	February	96	91	80
Finance				
Stock Prices—30 Industrials.....	March	213	139	109
Stock Prices—20 Railroads.....	March	143	129	119
Number of Shares Traded in.....	March	221	160	93
Bond Prices—40 Bonds.....	March	101	106	103
Value of Bonds Sold.....	March	78	115	130
New Corporate Capital Issues—(Domestic).....	March	200	187	104
Interest Rates—Commercial Paper, 4-6 Months	March	133	97	93
Wholesale Prices				
U. S. Bureau of Labor Statistics.....	February	95	94	94
Bradstreet's.....	March	98	102	96
Dun's.....	March	101	103	96
Retail Purchasing Power, July 1914 = 100%				
Purchasing Power of the Retail Dollar.....	Feb. 1929	62	62	61
Purchasing Power of the Clothing Dollar.....	Feb. 1928	59	58	58
Purchasing Power of the Food Dollar.....	Feb. 1927	65	66	64
Purchasing Power of the Rent Dollar.....	Feb. 1926	63	61	58

(*) Preliminary.

(†) Exclusive Boston, Cleveland, Chicago, Los Angeles, Philadelphia, Detroit, San Francisco, and New York.

Prepared for Nation's Business by the Statistical Dept. Western Electric Co., Inc.

ALTHOUGH it cannot be said that every line of business did well during March and the first quarter of 1929 for there were, indeed, some blemishes on the economic picture, it is undeniable that the general level of trade and industry was far above that of a year ago, and it seems evident that industry, particularly in the "heavy" division, reached a new high point.

New Records Set

MARCH weather ran true to form, beginning with storms of rain or snow, accompanied in some areas by low temperatures and ending with mild days and a promise of an early Spring.

Retailers were thus aided, first, in the clearing up of stocks of winter goods and second, in moving spring wearing apparel in preparation for Easter, which, it should be noted, occurred a week earlier this year than in 1928, this tending to warp retail trade statistics for March and April and, to a lesser extent, for the quarter.

The tabulated lines of retail trade exhibited good increases over a year ago, both for March and the first three months while wholesale distribution was apparently fully equal to or slightly ahead of that of last year.

Among the industries, the lead was easily taken by steel and automobiles, which set up new high records for the month and quarter, while pig iron production was close to the peak reached in the second quarter of 1923. Copper

producers were very active, with the price of that metal advancing to 24 cents per pound, the highest in a decade.

Lead prices and production also rose and manufacturers of agricultural implements and machine tools were busy, with orders far above a year ago.

Coal production showed the usual seasonal decline in the latter part of March, but nevertheless the output of both bituminous and anthracite fuels was somewhat higher than it was a year ago for the first quarter.

The textile industries yielded rather less cheerful reports. Sales of cotton

goods were large and prices advanced slightly. Cotton mills suffered from a novel, for them, disturbance, when employees at some centers, mainly in the Carolinas, were reported as striking against the introduction of new methods by efficiency experts. Silk goods sold fairly well, but consumption and imports of raw silk fell below March a year ago and it is evident that the mills are still struggling to bring production and demand into something like harmony.

Slight Recession

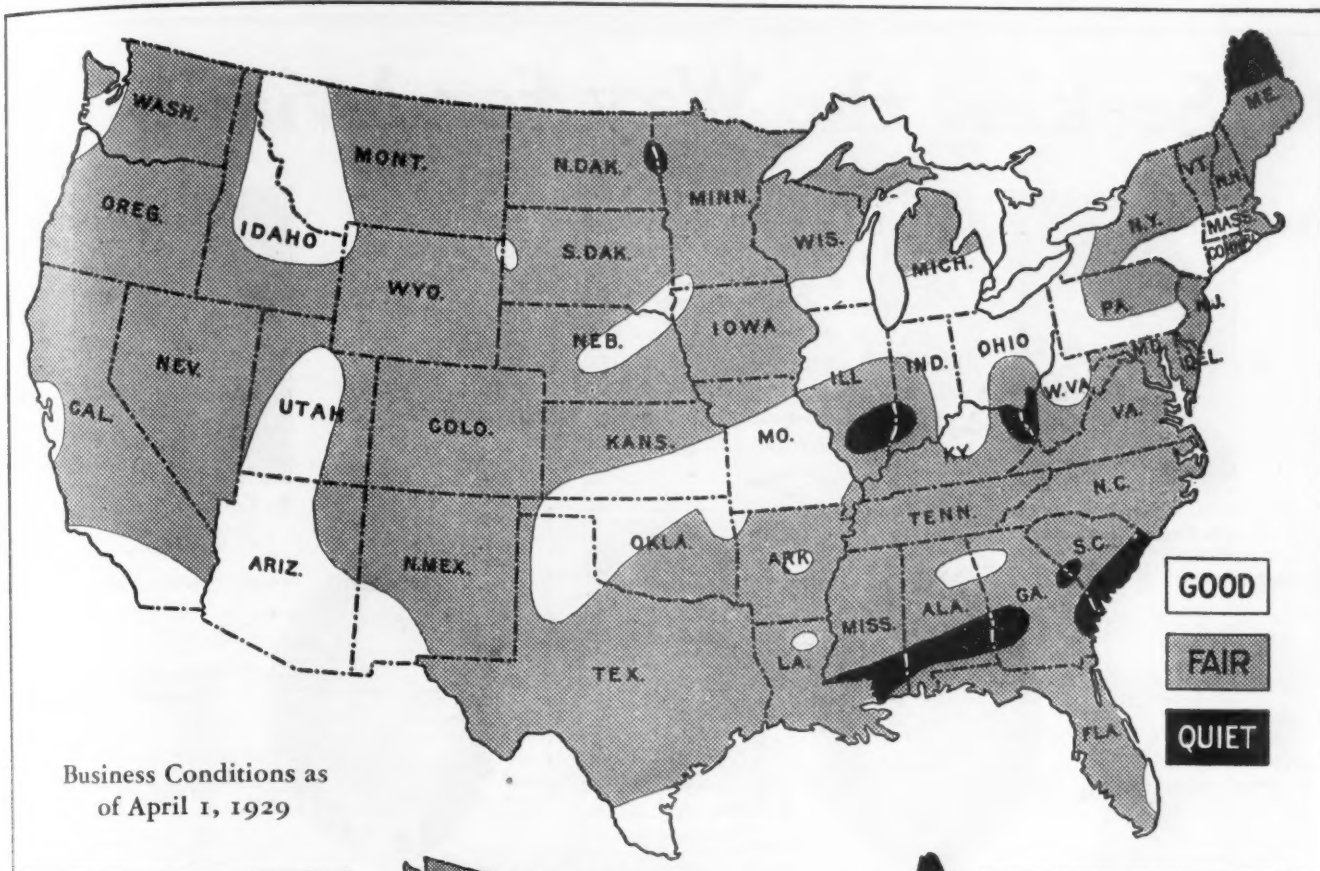
WOOL and woolen goods were rather sluggish and raw wool prices eased off. Shoe factories did a fairly active business, although the usual seasonal recession following completion of spring deliveries was in evidence with women's shoes doing better than men's.

In the jewelry trade, staples were said to be in poor demand whereas cheap novelties moved in large volume.

Furniture manufacturing at some centers appeared to be better than a year ago, but this was not as general as might be wished.

Cigaret and cigar production was active, the former seeming likely to establish another record this year. As regards this, by the way, some tobacco concerns gave a good deal of credit to the enlarged use of cigarettes by women.

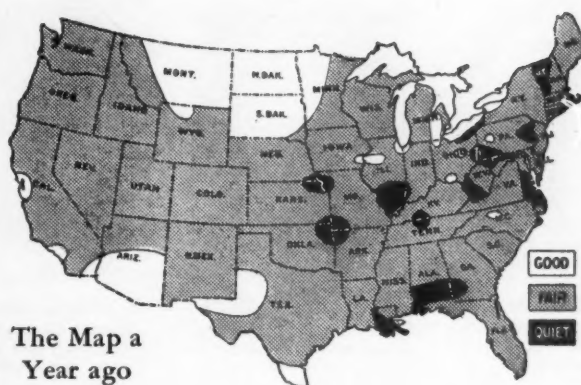
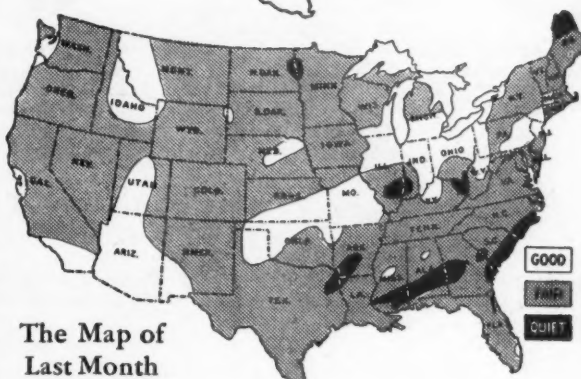
Employment, as might be expected from the foregoing list of active industries showed a gain in March over the preceding month and the like month a year ago, when, it may be recalled, un-



employment was still a topic for considerable complaint. The generally cheerful view taken of the first quarter's business is borne out by the good showing made by statistics of failures for the first quarter, the number of bankruptcies exhibiting a decline of 7.5 per cent from the first three months of last year and being the lowest for the period since 1924, while the attendant liabilities displayed a drop of 2.5 per cent from 1928 and were the smallest since 1926.

Money Rates Rise

MENTION should be made of a number of unfavorable features, some of them of long standing, which tended to mar the generally excellent March business record. Most prominent of these developments was the sharp rise in money rates, induced by various influences. The call money rate reached 20 per cent March 26, the highest since February 5, 1920, and helped to bring about a violent decline in security prices during which sales of stocks reached the largest volume ever known, the turnover on the day of the break in prices being 8,-



THE APRIL map clearly indicates that business is on the up grade. The Middle West saw further extension of the light area and North Carolina shook off the last evidences of business doldrums, as did Texas, Louisiana and Arkansas.

A comparison of the April map with that of a year ago reveals more clearly the extent of the business improvement. Only in the Northwest is such improvement absent

246,740 shares. Collateral time loans reached 9 per cent in the first part of April.

Sales of stocks for the first quarter showed an increase of 55.6 per cent over the like months of 1928 and established a record for the period, whereas bond sales displayed a decline of 24.5 per cent and were the smallest for any first quarter since 1918. Reflecting the high stock market activity and the large volume of general business, bank clearings showed a gain of 13.2 per cent for March, and of 21.4 per cent for the first quarter, over the like periods of last year and set new high records for both terms. The money stringency affected other than strictly financial lines of business, although it cannot be said that any marked slump could be discerned in either distributive trade or in factory industry.

Effect on Building

BUILDING apparently has suffered most acutely from the upward movement of money rates, although it may be questioned whether some cities have not built in the years since the war individual homes,

(Continued on page 159)

Seeking the Way for Aviation



Col. Chas. Lindbergh
The Guggenheim Fund for
Promotion of Aeronautics,
New York

THE enlarged Committee on Aeronautics of the United States Chamber of Commerce, active since 1925 in furthering the sound development of this increasingly important industry, will meet in Washington May 2 to consider three new questions growing out of aerial transportation.

At this meeting the committee will turn its attention to state licensing of planes and pilots, aerial weather reports and insurance coverage. It has gathered comprehensive information on these subjects.



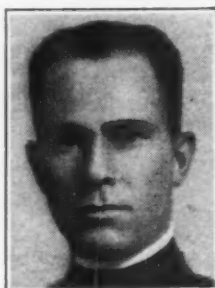
Lt. Lester J. Maitland
War Department,
Washington



W. B. Mayo
Chief Engineer, Ford
Motor Company,
Detroit



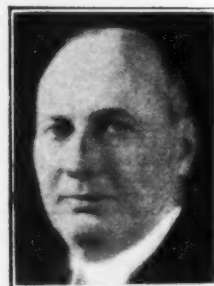
C. M. Keyes
President, Curtiss Airplane
and Motor Company,
New York



Col. E. S. Gorrell
Vice President, Stutz
Motor Car Company,
Indianapolis



Harry Guggenheim
President, the Guggenheim
Fund for Promotion of
Aeronautics



Howard E. Coffin
Chairman of the Board,
National Air Transport,
Inc., Detroit

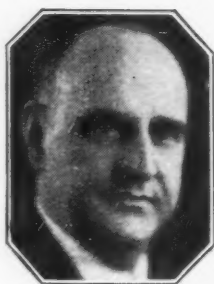


John G. Lonsdale,
Chairman

**President, the National Bank
of Commerce, St. Louis**



W. C. Young
Manager, Aeronautics
Dept., Goodyear Tire &
Rubber Co., Akron



H. H. Emmons
President, Northwest Air-
ways, Inc.,
Detroit



W. Irving Bullard
Treasurer, E. H. Jacobs
Manufacturing Company,
Boston



G. C. Bowden
District General Manager,
Southern Bell Telephone
Co., Atlanta



Richard F. Hoyt
Hayden Stone and Com-
pany, New York



R. E. M. Cowie
President, American Rail-
way Express Company,
New York



James L. Madden
Third Vice President,
Metropolitan Life
Insurance Co., New York



Albert L. Reed
Calloway and Reed,
Attorneys,
Dallas, Texas



R. E. Fisher
Vice President, Pacific
Gas and Electric Co.,
San Francisco



Col. L. S. Horner
President, Niles-Bement-
Pond Company,
New York

The marketing history of even necessary commodities is a story of strenuous salesmanship



Are There Too Many Salesmen?

By ELMER E. FERRIS

*Professor of Sales, School of Commerce, Accounts and Finance
New York University*

Woodcuts by Harry Cimino

MORE than 800,000 persons in the United States make their living by selling something. Is that too many? Is there a danger that salesmen may become an economic menace? Some critics think so.

They claim that the American people are oversold, that our markets are glutted with goods and commodities, our consumers overloaded with bonds, insurance, automobiles, and the like. They point to a rapidly increasing number of salesmen riding over a defenseless citizenship.

So much publicity has been given to these protests that a brief examination from the standpoint of the salesman and sales manager might be in point.

First, let us consider the retail trade. I put the question to the sales manager of a jobbing house, "How about these claims that the country is overriden with salesmen and that the trade is badly oversold?"

"Those criticisms do not come from merchants," said he. "Dealers are as skillful in buying as the salesmen are in selling. Buyers realize the value of contact with skillful salesmen. Buyers gain useful information and valuable pointers from them."

"Now, with reference to staple lines like ours the question whether the trade generally is oversold is well answered by

the monthly statements of Bradstreet's.

"Those statements for the past several years may be summarized like this, 'Stocks generally are light—the trade is buying close to requirements.' Merchants now buy from 'hand to mouth.' They don't stock up for months ahead as they formerly did. This change in merchandising methods began at the time of the World War and has continued ever since."

Righting the Oversold Market

BUT is it not true that merchants are often oversold because of high-pressure selling?"

"Sometimes, but rarely. However, that condition is quickly remedied. The oversold merchant will offer a special sale at cut prices. The consumer stocks up. The law of supply and demand then promptly regulates the mercantile situation. You cannot name a single staple line in which an oversold market did not quickly right itself, nor can you name a single staple in which the trade generally is oversold. The prevailing methods of buying prevent such a condition."

But, the sales most often condemned are those that, presumably, load the consumer down with bonds, life insurance, automobiles, books and vacuum cleaners he does not need and cannot afford. The consumer is often an inexperienced buyer and

more likely to be oversold than the retailer who should be able to protect himself from the selling horde.

Since high-pressure selling of automobiles is frequently cited, let us undertake to determine if the automobile market is saturated.

Hear the opinion of a prominent automobile salesman:

"We have been warned of overselling every year for ten years," he said. "When only 5,000,000 cars were in use, critics claimed the limit had been reached. Sales continued to climb until the number now exceeds 23,000,000 and the trade is still going strong."

"Precisely! That is the point. Are not salesmen crowding people into buying too many cars?"

"It is social pressure rather than sales pressure that stimulates the sale of cars," said he. "More often than not the buyer seeks the salesman."

"Well, there are more than 53,000 automobile dealers in this country and each agency has salesmen. They are selling nearly 4,000,000 new cars this year. Stand at a busy street corner and you usually see a solid procession of cars as far as the eye can reach in every direction."

"That may all be true, but you cannot decide the question in any such easy fashion," the auto dealer explained. "Go beneath the surface and you find that a



"Sometimes, but rarely, the merchant is oversold. That condition is quickly remedied through a special sale. The consumer stocks up"

large proportion of those cars are used in trucking, freighting, passenger service and for individual business. They constitute a necessity in modern business.

The Automobile's Contributions

YOU also find that automobiles have taken the American people out-of-doors and have brought the different sections of the country into social contact. They have stimulated the building of good roads everywhere and solved the problem of country isolation. Furthermore, automobiles are giving, directly or indirectly, a means of livelihood to more than one and a half million persons. So you see that this question of being oversold is not a simple one."

"But how about the thousands who are buying cars they cannot afford?"

"Let me answer that by giving a typical case," said he. "A neighbor of mine, a man of limited income, bought a car on time payments. He will be compelled to economize to pay for and maintain this car. We may say that he did not need it, but if he and his family want to go without other things to possess it, can we say he has no economic right to own it?"

"Shall we say that the right of swift and easy locomotion and the opportunity to take the family out into the open are the exclusive privilege of the well-to-do? Henry Ford would dispute that."

"Then your position is that we are not living too lavishly and that automobiles do not promote extravagance?"

"That's different. I don't say whether our high standards of living are a good thing or a bad thing. That's a philosophical question. I am not a philosopher. But as a business proposition I say that we are not yet oversold."

"Then what is your test?"

"The test is found in this question: Have we yet reached the limit of our uses of motor transportation or our financial capacity to pay for it?"

"Now, if you will read business reports and the monthly letters of the large banks you will find an increasing growth in the industrial, recreational and social uses of automobiles and the demand is still strong. You will also find that, owing to general business prosperity, our financial capacity to pay for them is equally strong."

"Probably the present pace cannot continue indefinitely. Economic conditions will ultimately fix a limit but we shall not be oversold until we pass it. If the demand falls off, the number of salesmen will also fall off. The law of supply and demand applies to salesmen as well as to commodities."

Turning then to bond salesmen, I asked a sales manager, "Is it a fact that you bond men are overselling the market?"

"No," said he. "An oversold market is one that can no longer absorb securities. The fact is that the present demand is so strong that railroads, public utilities and big industrials are issuing more common stocks than at any time in three years and the stocks are being quickly absorbed. In October, 1928, new bonds and stocks to the amount of 509 millions were placed on the market and sold."

"In November a syndicate purchased a \$55,000,000 issue of New York municipal bonds. Three-fourths of the issue was sold one week before the certificates were delivered. The rest was sold a few days afterward. Does that look like an oversold market?"

"But is not this demand due largely to high-pressure selling?"

"Nonsense! Salesmen cannot create economic conditions. To a limited extent they can stimulate demand but they can-

not create it or maintain it. This demand is caused almost altogether by surplus funds seeking investment. It is a matter of business prosperity."

"But are not the American people being stampeded into stock speculations far beyond what is reasonable or safe?"

"Undoubtedly, but who is stampeding them? Not salesmen! People are rushing to the Stock Exchange trying to get rich quick by buying stocks on margin. Salesmen have nothing to do with that. We sell nothing on margins. We sell investments, not speculations."

"Now, regarding investments, the American people are free spenders. Perhaps that is one reason why business is so good. But because of our tendency toward extravagance we need to cultivate a reasonable degree of thrift and investment, and we are getting the habit."

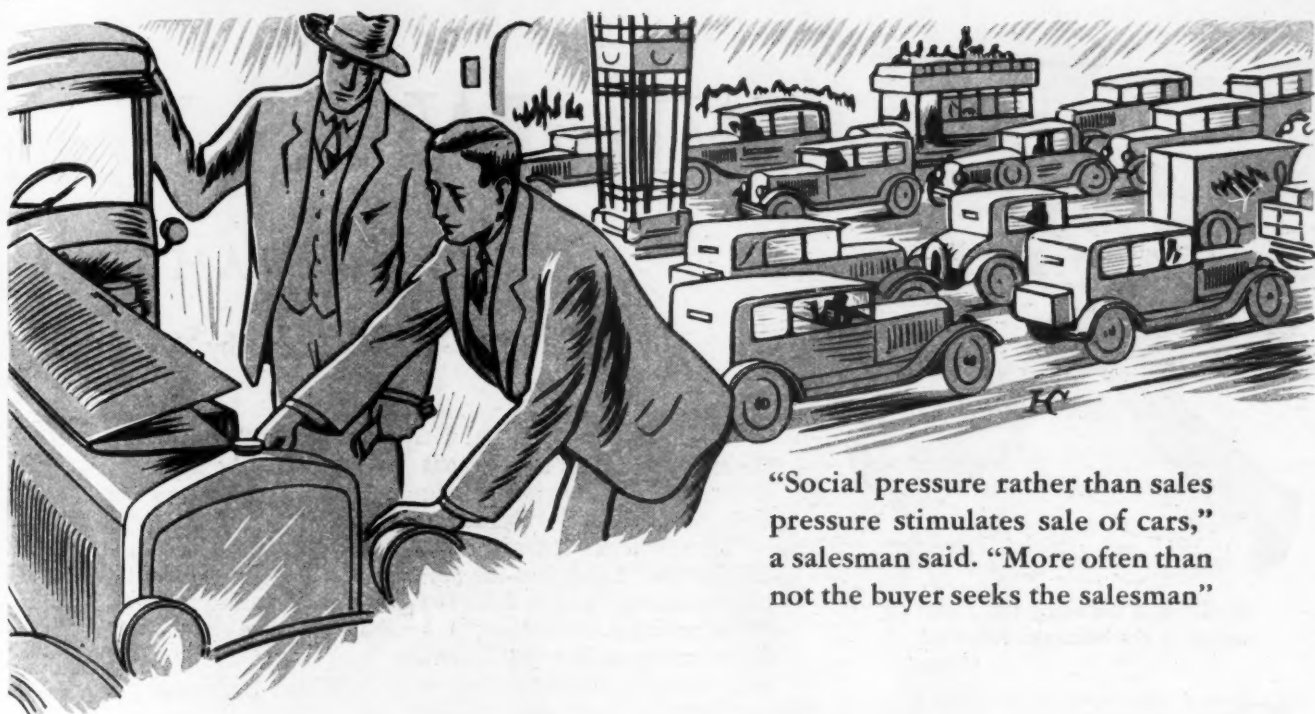
Our American Thrift Record

THE deposits in savings banks now exceed 22 billions. Building and loan assets amount to four billions. Building and loan shareholders are increasing at the rate of more than one million a year. Furthermore, the present condition of the bond market shows that the American people are acquiring the habit of investment in securities.

"This is as it should be. The bond salesman is playing a useful part in this process. People need to be crowded and pushed into the habit of investment. It will be many years, if ever, before we are over-invested."

Consider now the matter of life insurance. I questioned a well-posted life insurance salesman.

"It appears that the American people are now carrying 95 billions of life insurance," I told him. "That is a staggering



"Social pressure rather than sales pressure stimulates sale of cars," a salesman said. "More often than not the buyer seeks the salesman"

sum. Is it not high time to call off the life insurance salesman?"

"That is a fair question," he agreed. "Let us examine it. How much insurance should we be carrying?"

I admitted I had never looked into that.

"Very well; let us see about it. You will, of course, admit that the very best way to create an immediate estate for the protection of the family is life insurance. It will also be admitted that large estates and extensive business enterprises need to be similarly protected.

"Now it is true there has been a rapid increase in our life insurance. In 1900 it amounted to eight and one-half billions. In 1920 it had increased to 42 billions. At present it stands at about 95 billions.

"Is that too much in proportion to our national income? Is life insurance outrunning our income? Government statistics give us a pretty good line on this question. Take 1923 as a typical year. Reports show that our total income for the year was about 65 billion dollars. Our total insurance in force was 56 billions. Now it is conservatively estimated that our total income for 1928 was more than 102 billions. So you see that our present percentage of insurance is about the same as in 1923. Is that percentage too high?

"It is a recognized fact that for adequate protection one should carry an amount of insurance equal to five years' income. If one's income, for instance, equals \$4,000, he should carry \$20,000 life insurance. You can easily see why. The family would drop from a \$4,000 income to \$1,000, which is the least it should have.

"Now, using this as a basis, you will see that the American people are carrying only about 17 per cent of what they should carry for adequate protection."

"Your figures prove too much," I protested. "What about the millions who have ample property aside from life insurance, and other millions of small incomes barely sufficient to meet living expenses?"

"Very well," said he. "We will multiply our 17 per cent by three—the discrepancy is still great.

Undeveloped Insurance Fields

IN the matter of business insurance it would be an easy matter for me to demonstrate that with the present enormous development of business enterprises in the United States the surface of this vast field for insurance has only been scratched, and as for American homes the most recent survey shows that not one home in ten is adequately protected.

"Have you ever heard a man say he was overinsured? Most men will readily admit that they are not carrying enough—even when they protest against the salesman."

Perhaps a brief survey of modern sales training and instruction might throw additional light on our question.

A noticeable feature of modern business is the emphasis placed on sales training. Large concerns such as National Cash Register Company, Burroughs Adding Machine Company, Westinghouse, General Electric and others, have established courses of instruction in sales training and require their salesmen to master them. The practice is becoming fairly general in business organizations. Courses of sales instruction are also being offered by numerous educational institutions and are well attended.

One of the distinctive features of these courses is the emphasis on cooperative

services. Salesmen are taught to help the dealer or consumer solve his merchandising or personal problems. The emphasis has been shifted from the mere "unloading of goods" to helping the customer move the goods or use the product to the best advantage. That is the new idea of good salesmanship.

The clothing salesman who studies our needs and tastes and gives us the best service gets our business. The bond salesman who keeps track of our investment position and protects our interests is the man who repeats.

Nearly every accessory of life is more available and in better quality than ever before. Our bread, silverware, shoes, butter, clothing, bonds, cheese, insurance—in fact, everything we use—is supplied in better quality and with a higher degree of service than ever. All of these are placed on the market by salesmen.

Furthermore, the chief agency in improving quality and service and in holding down prices is competitive selling. The ultimate consumer may feel reasonably certain that competitive salesmanship will take pretty good care of his interests.

As a rule, people do not fully appreciate this or the further fact that most men must be urged into doing things which are to their best interest.

The marketing history of even so common and necessary a commodity as the typewriter is a continued story of strenuous salesmanship without which it could not have been profitably manufactured. The same is true, in its improved forms, of nearly everything we eat, wear or use. It involves a constant sales struggle to keep it moving.

Without salesmen it could not be profitably produced.



Walking, if we enjoy the sights as we go, is the best exercise of all

Why Wreck Your

By WILLIAM INGLIS

Cartoons by Tony Sarg

BILL BROWN shied away from my open cigaret case. "But you won't mind if I smoke one?" I asked.

"Go as far as you like," said Bill with a grin. "If it wasn't for them I'd be driving a truck."

Like all Irish epigrams, this was not to be taken literally. The cigaret is, to Bill, the symbol of pampered palate, of too great fondness for luxury, and Bill makes a handsome living by pulling men out of the tide of luxury, persuading them to enjoy the simple life and to follow his daily program of exercise in moderation, with profuse perspiration and drinks of hot water.

Bill told me; George Bothner, the wrestler told me, and Matt McGrath, world's champion at the age of 52 with the weights and throwing the hammer told me, that if you or I will take one-tenth as much care of our bodies as we do of our business, we can live about as long as we like and be happy all the while, barring accident, of course, or a fatal heredity.

These three proved their theory not only by their superb physical condition and smiling outlook on life but by citing examples all the way from Cornara and Benjamin Franklin to John D. Rockefeller and Elihu Root. All we need, they insist, is

the ambition to get the best out of life and persistence in following a pleasant program every day.

"That's where I come in," said Bill Brown. "I give men the ambition and coax them to enjoy the fun of getting fit and staying fit. I can't figure out how intelligent men who never neglect their business, their horses or their cars, will let their physical machinery get run down and allow their nerves to get tied in knots. They know they can't do business or have fun unless they're well but most of them seem to do all they can to throw their health away."

"But isn't it the fast pace of the machine age that burns men up?" I asked.

"Burns up, my eye!" Bill snorted. "Men always have had to hustle for a living. How about Mister Cave-dweller who didn't know when he started out in

the morning whether he'd bring home a neighbor for dinner or whether the neighbor would carry him off to dinner—in handy pieces?"

"He hunted and was hunted in a way that would finish a modern man in a week so far as nerve strain is concerned."

We've Improved Ever Since

BUT he was out in the sun and fresh air all day, getting lots of exercise while he lasted, sleeping regularly every night, and very seldom overfed. From his day on, man has been growing stronger and living longer; and we'll live yet longer when we learn how to use our wonderful inventions."

Bill did not bring these ideas with him when he came to this country as a boy in the year of the Great Blizzard, but he brought a seeing eye and a quick mind.



Best Machine for Fun?



See the tired business man tuck away a soup, an entree with a rich sauce, potatoes and a pastry. Do you know what it does to him?

The youths along Avenue A were red-blooded, 100 per cent Americans; so they greeted him and his brothers with showers of stones accompanied with humorous rhymes about Paddy from Ireland, Paddy from Cork, thus inducing the Brown boys to fight.

From that it was a short step to the love of fighting as an art that expressed strength speed and endurance at their highest pitch.

Even while he worked as a laborer Bill exercised at the Pastime Athletic Club, and soon got a full time job as assistant to good old John Wood, whose gymnasium at 6 East Twenty-eighth Street was a nursery of noted athletes.

From Wood, Bill learned the vital need of moderation if a man hoped to amount to much—moderation in exercise, moderation in eating, in work, in play, in everything. He cut out half his strenuous work—and grew stronger and more enduring than ever. Today he stands as straight as a flagstaff, lean and muscled from head to foot, with a complexion like the sunset sky of a clear, frosty day.

"How can I keep fit, living in town?" I asked him.

"A few minutes of brisk work with light dumb-bells and bar-bells in the morning, breathing deep all the time," he replied. "Drink two cups of hot water while dressing. Take a lively walk every day, all

the better if you have a friend with you. Drink a glass or two of hot water after the walk, then take a warm bath and a cold shower, and be sure to rest a while before the next meal."

"Then a good steak or a brace of chops for dinner?" I suggested.

"Not if you value your life," Bill explained, "I've known a lot of drunkards, but I'll bet that for one man who drinks himself to death a hundred eat themselves to death. Food is one of the short cuts to trouble, especially for a man past 40. Watch the people around you in any restaurant. See the tired business man tuck away a thick soup, an entree with a rich sauce and a lot of potatoes and wind up with a sticky pastry. What does it do to him? The doctors can tell you. I'm 55, working hard every day, but I won't eat more than four or five ounces of meat a day. Fruit and green vegetables are best for a man."

"How about drinking in moderation?" I inquired.

"Poison yourself in moderation," Bill countered. "What good does booze do a man?"

"What about tobacco, tea and coffee?"

Moderation in All Things

"NONE of them does any real good that I can see," said Bill, "and yet most people use all three. A man may think he's temperate because he doesn't drink, and yet do himself a great harm by smoking too much or taking too much tea or coffee. If you have been in the habit of using them for years, I think it would do you more harm than good to chop off suddenly. You see, you've got to be moderate even in doing yourself good."

"Cut the coffee down to one cup at breakfast and no more in the day, drink



A man may think he is temperate and still do himself a great deal of harm

tea as seldom as possible, smoke as little as you can get along on, and then only after meals. If you lead a healthy, sane life, a little tea, coffee or tobacco may not hurt you much—but at that you're better off without them."

Every man who specializes on physical fitness has a phobia. Bill's phobia is fat.

Exercise Rather than Reduce

"YOU know," he said, "that I'm not in the fat-reducing business. Lots of men and women kill or weaken themselves in their hurry to take off excess weight. My idea is that if you exercise rightly and eat plenty of fruit and green vegetables, the weight will regulate itself. But you must be moderate even in this, not try to get rid of so many pounds every day."

"I find that the fat men who work with me lose on the average a pound a day. That is because they are working, playing and resting in a normal way, so that the extra melts away; just as the scrawny man gains a little every day he builds up muscle with exercise. Forget to fuss over your weight. But the man who lets fat pile up on him is hurrying to his own funeral, all the faster if he is middle-aged."

"When a man quits exercising and lets his muscles decay, you can tell by looking at him that he has gone back. You can see that his biceps have become flabby—but how about the muscles of his heart and all the rest of his internal machinery?"

"They are all hidden from sight, but they go to pieces as fast as the muscles on the outside. No one thinks of them. The heart gets streaks of fat in it and has to work harder and harder to pump blood. Some day the fat man has a

shock or a strain or makes a sudden, severe effort—and his heart stops dead."

A tall man, keen-eyed and muscular, suddenly stopped before us, shook hands with Bill, whacked him on the back and grinned as he thanked him effusively, then hurried on his way.

"Isn't that pathetic?" Bill remarked. "There's a man of intelligence—must be, for he makes about \$50,000 a year—yet he let himself get run down and his nerves so shot to pieces that when he came up to me he was ready to jump in the river. All I did was to get him running along with the rest of the crowd, exercising, resting, having fun every day and sleep enough every night. He went home happy as a boy starting on vacation. You see how grateful he is. But what beats me is that he doesn't know he could have done just as much for himself as I ever did for

him—if he would make up his mind and stick at it."

"Then it isn't necessary," I inquired, "for a man to spend weeks at a health farm to get into good condition?"

"Not for a minute!" was Bill's emphatic answer. "The same laziness that wrecks men's health is what sends them to places like mine, where all they have to do is to let themselves go with the crowd and be floated along into good fettle. They can do it themselves with persistence."

"What should a young or middle-aged business man do to be at his best?" I asked.

"Eat moderately, drink no liquor, and



We should not forget to stretch the muscles every day by brisk exercise

exercise every day," Bill replied. "A brisk work-out every day is better than a whole lot once or twice a week. Turn it into play if you can—any kind of lively game. Play out of doors with your children whenever you can. Loosen up, and let yourself be happy."

Use Caution in Exercise

"STUDY yourself as you'd study a business proposition; then follow a sane program every day. And, above every thing else:

"Be sure to have your doctor look you over with care before you begin any course of lively exercise."

"No matter how good a man you were 10 years ago—or even one year ago!—don't start any kind of hard work or play until your doctor gives you leave. Otherwise you may ruin your heart and shorten your life."

George Bothner laughed when I asked him how a busy man should keep fit.

"First get it up here," he said tapping his forehead, "and all the rest is easy. Once you have a clear idea of what you want to do, how much you can do, and study carefully how to do it, you can train yourself into the pink of condition if you're an athlete, or into first-class working trim if you're a business or professional man. There's a big 'if' in it, though."

Bothner has lived in New York from his birth. He has won more wrestling championships than he can count, has trained a good sized army of collegiate and athletic club champions, as well as the ablest fighters and wrestlers, and has taught no end of business and professional men how to keep at the peak of physical condition.

"Why the mocking laugh when I asked you that simple question?" I inquired.

"Because it was so simple," Bothner replied. "Keeping in good condition is easy if you have the nerve to play the game every day. There's no mystery in it. I can tell you in five minutes how to keep fit, but unless you have the courage and the persistence to stick to the job I couldn't help you in five years. Right there is the 'if' I was speaking about. Everybody can learn how to do it, but not one man in a 100 wants good condition so much that he'll keep working for it."

"Well, how can a man make himself want to exercise?" I asked.

"If he will take the time to look himself over as thoroughly as he would look over his business, with his eye on efficiency, he'll soon see that he's got to exercise or break down," said Bothner. "Most of us are living indoors 23 hours a day but just remember that the human race has lived out in the open for thousands of generations right up to our grandfather's time. Think what an upset that is! You can't make such a

(Continued on page 102)

Business Lawmaking as I See It

By ABRAM F. MYERS

Former Chairman, Federal Trade Commission



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THE public attitude toward trade associations has shown a marked change in the past few years. These organizations, once looked upon with suspicion and menaced by the antitrust laws, have shown themselves both proper and beneficial.

The Government and the public have come to realize that in working together as friendly competitors for the common good of their respective industries trade associations benefit not only the industries themselves but the public generally. The lowering of costs, improvement of product, stabilization of business and adoption of standards of business practice—the principal objects of trade association work—are distinctly in the public interest.

We concede now that the antitrust laws were aimed at corporate combinations and not at cooperative effort through trade organizations but for several years the Department of Justice accepted the observation of Adam Smith that "business men seldom foregather without plotting against the public good."

In a number of cases the Department took the position that the mere collection and dissemination of trade statistics was unlawful. This position, had it been sustained, would have denied the modern business man information such as was readily available to the ancient tradesman, dealing on the open market under conditions of unfettered competition.

But the Supreme Court, in the *Maple Flooring and Cement* cases finally buried the view that "ignorance is a virtue and knowledge a crime"; that competition means mortal combat in the dark.

A manufacturer may now cooperate with his fellows to obtain such knowledge as will enable him to steer a true course between the rocks of bankruptcy and failure—provided, of course, that his initiative and efficiency are not conspicuously below the mean for the industry as a whole.

THE Federal Trade Commission has held some 50 Trade Practice Conferences at which certain industries have adopted resolutions to govern their activities. Just what these conferences mean and what they aim to accomplish, Mr. Myers tells you in this article

The realization is growing that there must be cooperation and forbearance among independent producers and traders if monopoly is to be averted and competition preserved. The public has seen that unrestricted competition inevitably leads to concentration of business and wealth in the hands of a powerful few not always representing the highest thought or finest character in the industry.

That this conception of cooperation in industry as the preserver of fair compe-

tition is rapidly taking root may be seen in the ever growing number of trade associations. The industry with a strong trade association is equipped to protect and regulate itself to a degree which, if wisely directed, will effectively preclude government interference by rendering such interference unnecessary.

Organizations of professional men exercise a powerful control over the conduct of their members and see to it that they conform to well established ethical standards. A strong movement is on foot to extend this method of self-regulation to all industry, to be carried on independently in some instances, and in others in cooperation with government agencies.

Trade associations have shown their value in many activities. There is, for instance, the promotion of cost accounting work. This is a recognized legitimate function of trade associations and is contributing substantially to the prosperity and stability of the nation's business.

In all competition price is a vital factor, and the proper pricing of products is naturally the first concern of the business man, a factor on which he needs all the information and help he can get. His responsibility in this particular is great. While he must quote a price at which he can sell his goods, he should act wisely and with due regard for the welfare of his industry as a whole.

Every business man owes it to himself and his competitors to ascertain his costs as accurately as possible before pricing his goods.

The man who undertakes to fix prices without adequate cost data will likely run amuck. The danger to himself is great but the danger to his competitors may be even greater and a whole industry may be imperiled as a result of his recklessness and improvidence.

Selling below cost to drive a particular competitor or group of competitors out of business is a conspicuous example

(Continued on page 114)

A State Goes into Business

By FRED C. CHRISTOPHERSON

Editorial Writer, Sioux Falls S. D. Argus-Leader

THOUGH the transition of South Dakota from a barren prairie land to a well developed state in half a century has been little less than miraculous, errors have been made along the way, the most outstanding of which is the ill fated venture of the state into the farm-loan business.

It is unlikely that even the most ardent promoters of the South Dakota Rural Credits System envisioned for it the mushroomlike growth that led to the issuance of \$47,000,000 worth of bonds—and the collapse of the business with a special tax levy of \$1,000,000 annually to check a growing deficit.

The history of the state's Rural Credits System begins in 1915. South Dakota was struggling to get ahead and many felt that restricted credit to farmers was one of the stumbling blocks. This, they said, was particularly true in the sparsely settled western half of South Dakota where difficulty was met in obtaining loans and interest rates were comparatively high. At the same time, it was pointed out that farmers in the eastern half of the state could expand more rapidly if credit were available to them at lower interest rates.

The proponents of the Rural Credits System painted a pretty picture of unbounded progress and prosperity with a great influx of settlers to avail themselves of these wonderful opportunities.

A Beautiful Theory

THEY explained that the state of South Dakota could borrow money for four or five per cent. Then why not have the state pledge its credit for bulk sums and lend directly to the farmer at a rate of interest sufficiently greater to handle the overhead? It was a beautiful theory.

The Rural Credits did not reduce interest rates except in places where large private loan companies refused to venture—and where the state now knows that it



WHILE THE PUBLIC read optimistic bulletins, South Dakota's the care of Dr. Politics. A special tax levy of \$1,000,000 a year

never should have ventured—and it did not speed the development of the state west of the Missouri River. In truth, South Dakota has nothing to show for its gigantic excursion into the realm of the banking business except the lesson that it learned.

South Dakota today is conservative. It is painfully and sincerely aware of the fact that the function of the state is to govern and that alone. It is appreciating the worth of the basic principles of government and regretting the day that it permitted itself to flaunt them. Realizing this, it is now turning its energy to more fruitful fields. It is welcoming legitimate business firms by loyally supporting those it already has and using their prosperity as an advertisement to others.

The South Dakota Chamber of Commerce, with the wholehearted support of the people generally, is cataloging the state's resources and presenting them in an effort to develop South Dakota industrially. The state department of agriculture is sounding a constant note of welcome to business, big and small. South Dakota now understands that sound, fair business is its best friend and is holding

out the olive branch of cooperation in a most hospitable manner.

The recital of this change of sentiment is a logical chapter in the story of the South Dakota Rural Credits System, a story that reveals the inseparability of public ownership and political ownership. South Dakota's experience tells in a most graphic way the inherent dangers when a state goes into private business and this applies whether it be banking or mining.

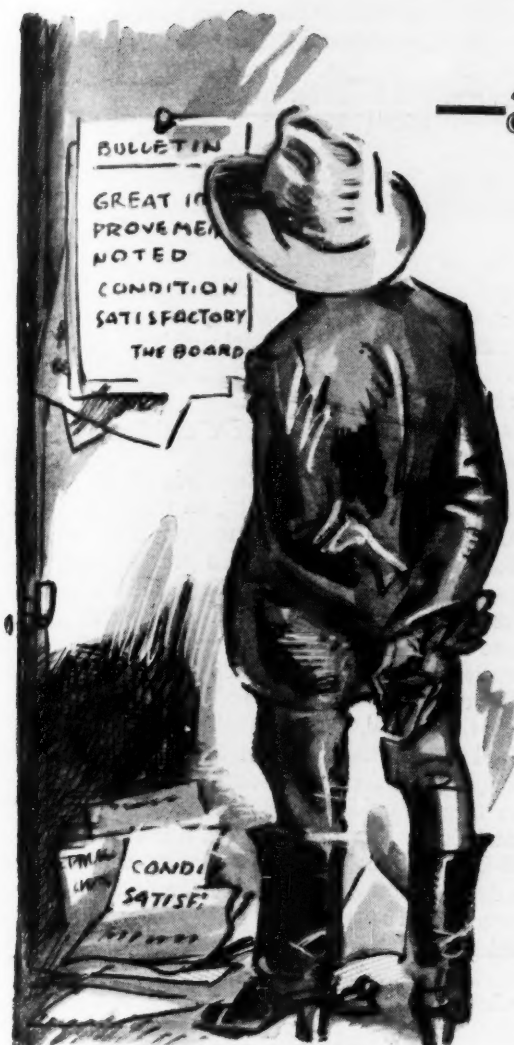
Lost Money From the First

IT was in 1915 that the first action leading toward placing the state of South Dakota into the banking business was taken. The legislature in that year voted to submit to the people a change in the State Constitution permitting the credit of the state to be used for the establishment of a system of Rural Credits. The people endorsed the amendment in 1916 by a vote of 57,569 to 41,957.

Armed with this mandate, the legislature in 1917 passed a law providing for the Rural Credits System and appropriated \$200,000 for establishing and maintaining it. That marked the beginning. The ter-

-and Out Again

Cartoons by Oscar Cesare



Rural Credits languished under
was a lesson to the public

mination came abruptly and dramatically in 1925 when the legislature investigated the system, found an alarming deficit and passed a law calling for the liquidation of its business as rapidly as could be done efficiently.

No thought of disaster was apparent in the first few years of the operation of the system which passed quietly enough. Bonds were sold and loans made on farm lands. Though the system began losing money almost from the very first day of its operation, little publicity was given to it and the people generally forgot about the fact that their state was engaged in the banking business.

As the years went on the bond totals mounted. Here and there rumors were heard that the Rural Credits System was in a bad way. There was no official substantiation of this and no public reports.

In 1922 suspicion became general that all was not well in the Rural Credits System and finally a report was issued for the year ending June 30, 1922. It revealed that the board had sold bonds to the amount of \$41,500,000, and applications had been closed on farm loans amounting to \$37,901,150. In this report made in 1922, the

Rural Credits Board explained:

"The development of the Rural Credits System during the five years it has been in operation is a source of the utmost gratification to the founders of the system in this state and to the officers of the department. . . . Up to this time it has not seemed necessary to the board to make more than four foreclosures and it is not anticipated that any permanent loss will result to the state in any of these instances."

Very Optimistic

THE board, according to the opinions it expressed in this report, was exceedingly optimistic. It said that the department had an earning ability of \$130,756.75 annually.

The report of 1923 tells a similar story but now the bonds issued had mounted to \$44,500,000 and the earning ability had been increased. At least so the board said:

"The net earnings of the board now total approximately \$150,000 annually and this surplus will create a fund far beyond any loss that will be sustained in lands taken over by foreclosure."

The Rural Credits Board had lost none of its ability to display optimism in 1924, political exigencies making it extremely advisable to continue painting a picture of cheer. Its report in 1924 showed that the bonds issued had reached the magnificent total of \$47,500,000 and the system, the board insisted, showed another annual gain. Admission was made, however, that problems were developing but they were treated rather lightly. Concerning them, the report of 1924 said:

"The problem of prompt interest payments is the only one that has caused the Rural Credits Board any anxiety, but the marked improvement in interest payments in 1923 over 1921 and 1922 has been encouraging and the board feels that with one or two good crops and reasonable returns, this problem will be fully overcome."

"The net earnings of the board will average \$100,000 annually and this surplus will create a fund far beyond any loss that will be sustained in lands taken over by foreclosure."

The irony in this was made apparent the following year when the legislature, spurred by reports of serious difficulties in the affairs of the board, made an investigation. The revelations were astounding.

It was immediately apparent there was a rapidly mounting deficit and that the affairs of the system had been handled laxly. Public indignation was aroused. A. W. Ewert of Pierre, treasurer of the Rural Credits Board, was called upon to explain several things. He was eventually charged with embezzlement. His long legal battle is a story in itself. Suffice to say that he was found guilty of embezzlement of about \$200,000 of the funds of the Rural Credits System and is now serving an 11-year sentence in the penitentiary.

The legislative investigation turned public sentiment against the Rural Credits System. This probe substantiated a widespread belief that something was seriously wrong. The demand everywhere was to get out of the rural credits business. The legislature acted immediately and passed the law forbidding the board to make further expansion and calling for the liquidation of the department.

Even then the people were hardly aware of the full extent of the probable losses of the system. They had been lulled into a feeling of false security by the optimistic surveys presented in prior years. A few political friends of the system still insisted that the legislative investigation was prompted by their enemies and the final reports would show an entirely different picture. But few paid attention to their explanations and subsequent reports clearly showed that the condition was fully as bad, if not worse, than that portrayed by the investigation of 1925.

Where the Money Went

THE report of the Rural Credits department in 1925, prepared under some difficulty because of the turmoil incident to the changing of administration, is somewhat sketchy. It shows, however, that the outstanding bonds totaled \$46,500,000 while the net mortgage loans in force totaled \$40,470,828.66. The accrued and unpaid interest on mortgage loans at that time was \$4,142,286.31.

Some progress was made in 1926 in straightening out the books of the department in an effort to ascertain the extent of the losses. The Rural Credits commissioner in this report pointed out the difficulty of making estimates due to the fluctuating values of farm lands. He made ref-



South Dakota now holds out the olive branch of cooperation to sound, fair business

erence to the inherent difficulties in the state operation of a private business, saying in the official report:

"We find that frequently delinquent borrowers have taken the income from the lands on which this department has loans and used such income to pay interest and obligations on other lands and that they have frequently been induced to mortgage their entire income to local creditors and that consequently such local creditors have year after year absorbed the entire income from lands in which the taxpayer through this department has the initial investment."

By this time it was clear to the people of the state, both business men and farmers, that the Rural Credits System had been an exceedingly expensive political football and that the situation called for sober judgment and an intensive application of sound business principles. This attracted the attention of many who are ordinarily inclined to let the other fellow worry about politics and affairs of government. This spirit crystallized in the demand for an outstanding business man to take charge of the department.

New Era Comes into Being

CHARLES M. DAY, editor of the Sioux Falls *Argus-Leader*, was among those who interested themselves in the solution of this problem and he was in a position to do something about it as he had contributed much to the election of Gov. William J. Bulow then in office.

Mr. Day urged Governor Bulow to appoint D. A. McCullough, vice president of the Security National Bank of Sioux Falls, to the office of Rural Credits commissioner. Succeeding in convincing Gov-

ernor Bulow of the wisdom of his appointment, Mr. Day went to Mr. McCullough and, on the plea of state loyalty and service, induced him to accept the appointment. This marked the beginning of a new era in the management of the Rural Credits department.

Mr. McCullough immediately went to work and applied the knowledge and experience gained through many years in private banking business in South Dakota and order began to emerge from chaos. He made no effort to conceal the real facts and enlisted the cooperation of well-informed business men of the state in his effort to hold the Rural Credits losses to a minimum.

Mr. McCullough's first report as commissioner came out in 1927, a review of operations of the department for the year ending June 30, 1927. In this report came the first official intimation of what the taxpayers might expect when the time

came to pay the fiddler. It was contained in the following statement:

"A tax levy to take care of the existing shortage in the Rural Credits department would appear to be a very wise and necessary provision."

The sad news was not long in forthcoming. On April 20, 1928, the South Dakota Rural Credits Board directed an annual tax of \$1,000,000 to pay Rural Credits bonds and interest thereon at maturity. This tax is to be continued annually until the board changes or rescinds its order.

At the time that this levy was announced, the board presented figures estimating that the deficit of the department on December 31, 1927, was \$5,344,836.69. The board estimated further that the annual deficit would be between \$673,000 and \$973,000, depending upon crop conditions and the financial set-up of the department.

This brings us up to the latest report made by Commissioner McCullough. It covers affairs of the board for the year ending June 30, 1928. Outstanding bonds of the department total \$45,000,000.

The department had acquired 1,573 farms at the time this report was made. This total was swelled to 1,719 tracts of land by December 1, 1928, with 614 additional loans in the

process of foreclosure at that time. Commissioner McCullough, in an address at Yankton, S. Dak., in October, 1928, set forth the condition of the department. He said:

"On June 30, 1928, our loans of \$26,705,329.07 had an average daily earning ability of \$4,469.86 providing it can all be collected, while our outstanding bonds of \$45,000,000 cost us \$6,332.84 or a daily loss of \$1,862.98 in interest alone. This does not, of course, take into consideration the additional running expense of the department.

Hundreds of Worthless Tracts

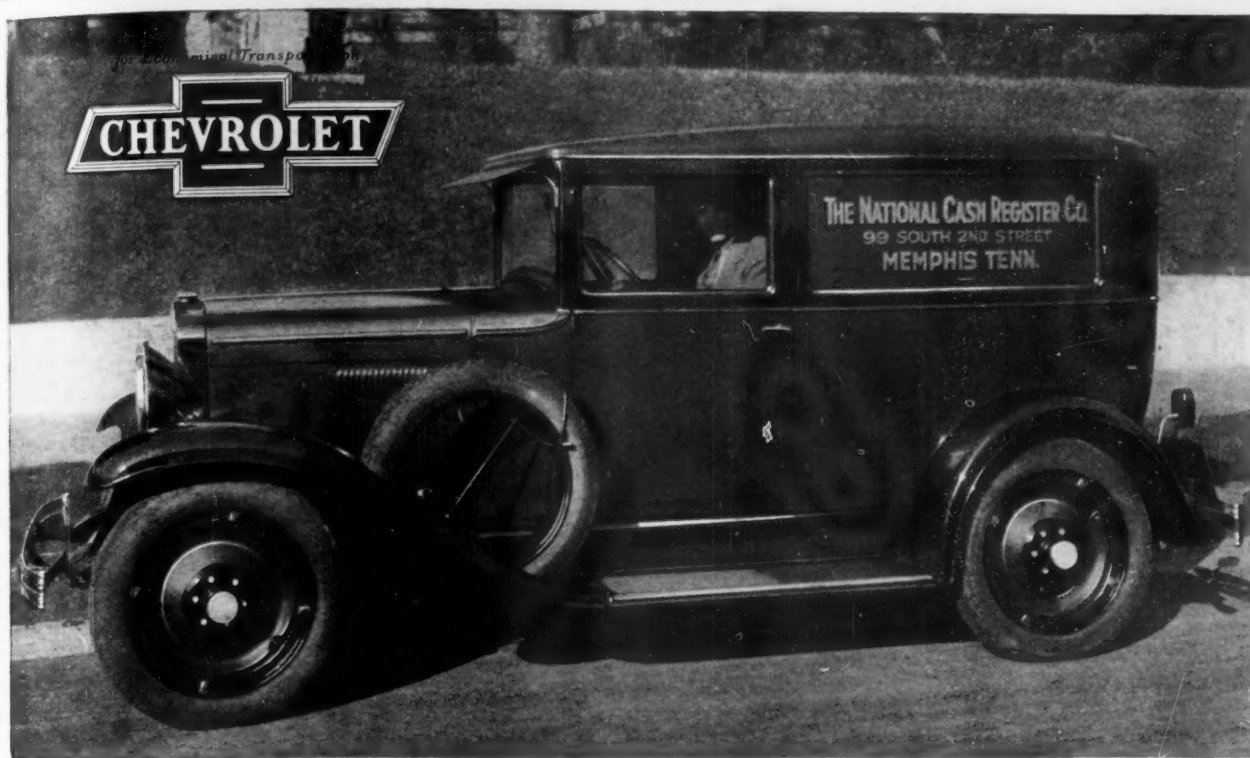
THE department is carrying certain tracts of land on which there is no possible way to recover the amount invested in them. To prevent pyramiding by the accrual of compound interest, they should be disposed of at public auction for whatever they will bring. They are represented by 333 tracts of land in the various counties of the state comprising a total of 87,132 acres and an investment of \$2,580,702.82. If they could be disposed of for 50 per cent of the investment, it would turn a liability into an asset."

These figures tell a bare story of the unfortunate culmination of South Dakota's sojourn into the field of business. Though losses undoubtedly were aggravated by the agricultural depression that was particularly acute in the early part of the decade, operations of the department revealed ingrained defects that would have spelled failure even in normal years.

States are political organizations and
(Continued on page 177)

A check shows about 400 loans on which no interest was paid





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A SIX IN THE PRICE RANGE OF THE FOUR

The Extra Session of Congress

By FRED DEWITT SHELTON

WITH the end of the Seventieth Congress, on March 4, the legislative slate was wiped clean. On April 15 began the process of starting new bills through the numerous parliamentary stages that lead to laws. This extra session, however, was called for specific purposes and extraneous matters are to be kept out of the picture as much as possible.

The tasks at hand are farm and tariff legislation. As a concession it seems likely at this writing that the 1930 census bill and the bill for reapportionment of the House of Representatives will be placed on the docket. Other questions will have to have strong backing to get consideration.

Advocates of repeal of the national origins clause of the Immigration Act of 1924 are trying to muster strength enough to place this subject on the program. President Hoover favors such repeal and has recommended to Congress that it take early action to that effect. He already has moved, as required by law, to put the measure into effect on July 1, 1929, and the chances are that once in effect it will remain so.

The Farm Issue

THE HOUSE Committee on Agriculture, after hearing testimony on farm needs, had a bill ready on April 15. The general opinion is that the plan for crop stabilization corporations financed by government capital will be adopted. Also it is generally assumed that a Federal Farm Board will be set up to administer any relief measure authorized. Considerable leeway probably will be given to the Board to use its discretion in dealing with agricultural emergencies.

The hearings have brought out the complicated nature of the question Congress is considering. Emphasis has been given to land policies, scientific research, control of distribution, cooperative marketing and farm credits. Signs point to increased opportunities for cooperative marketing associations if they are organized on a sound business basis.

There is a growing consciousness that our agricultural industry must be treated in a variety of ways rather than by one cure-all dose. Tariff benefits constitute one method; strengthened cooperatives, rail and water transportation improvements, and tax adjustments form others. That means further continuous efforts throughout the next two years or longer to better the condition of the farmers.

Tariff Legislation

A NEW tariff bill was slated to be presented by the Ways and Means Committee about April 28. It now appears that rates will not be boosted to the extent that was earlier expected. Agricultural

convention with Cuba may be ended through removal of prohibition of imports of Cuban tobacco products in small lots.

An effort, also, probably will be made to authorize creation of foreign trade zones in American ports where imports can be handled for reexport without payment of duty. Bills for that purpose have been before Congress for several years.

The flexible tariff clause of the present law will come in for attention. There will be an attempt to make it more workable and to simplify its application.

Taxation

TAX RETURNS are running so far ahead of Treasury estimates that we are now assured of a good-sized surplus at the end of the fiscal year, June 30, despite unexpected appropriations by Congress that exceeded budget estimates. Therefore, talk of tax reduction has started. The influence of administration leaders in Congress will be against reduction for this year, at least. If prosperity continues at high tide for another year the chances for a tax cut will be greatly enhanced. Anticipating the next move, the President and the Secretary of the Treasury have let it be known that the next cut in rates should apply to earned incomes rather than to incomes from investments.

Length of the Session

THE HOUSE, working under time-saving rules, will expedite both the agricultural bill and the tariff bill. The Senate, however, permits untrammelled debate and can be expected to consume a prolonged period of time. Furthermore, the Senate Finance Committee probably will hold hearings on the tariff bill after it is passed by the

House. The length of the extra session, therefore, will depend largely on the Senate. There is a possibility that the business of the session will be wound up early in July, but delay beyond that date is more likely than not. The House probably will recess in May returning to its task later in the summer after the farm and tariff bills have run the gamut of the Senate.

Economic Aphorisms

ANY SYSTEM under which we sent out goods but did not receive goods back would be a veritable bleeding to death.

PRACTICAL experiments will prove what is the line of least economic resistance. The notion that the state can determine this by law better than the individual by practice is absurd.

A MATERIAL thing has no pocket, no banking account, which will enable it to pay a tax. It takes a man to pay a tax.

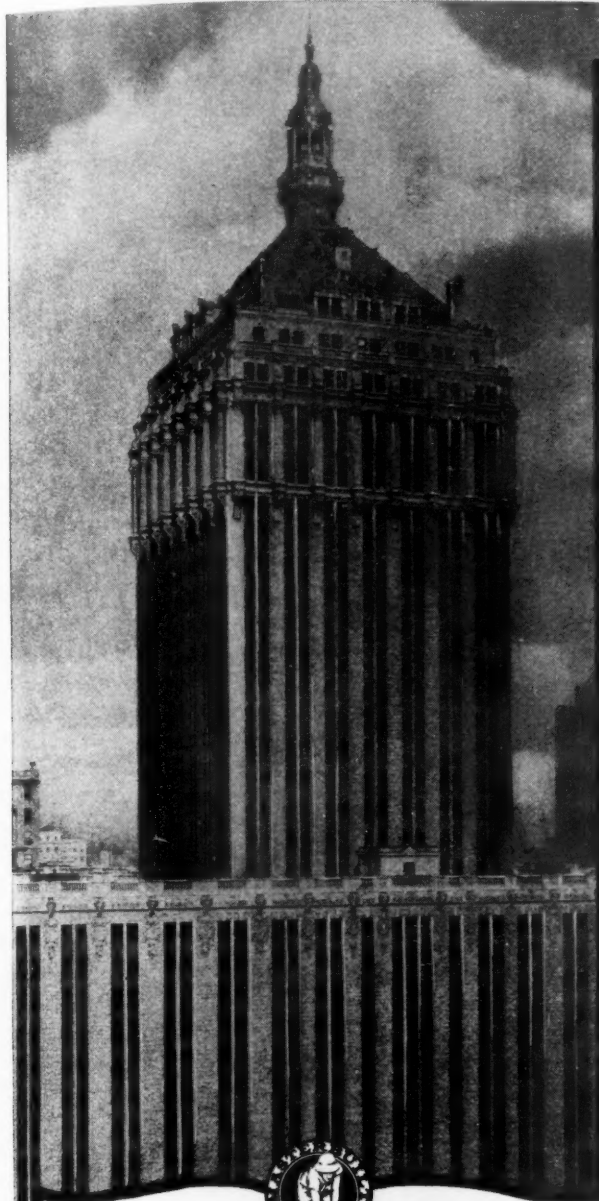
ECONOMIC waste may be justified on moral grounds, but never increasing the wealth of the community.

IF PRICES did not rise with a shortage, we might some fine day wake up to find that the world had eaten its last loaf.

JOHN ST. LOE STRACHEY
In Economics of the Hour

rates will receive the most attention and will be raised in some cases. The experts of the Tariff Commission are being used in the writing of the present bill more than on any previous occasion.

While no extreme overhauling of rates is contemplated there may be administrative changes of importance. The stalemate over negotiation of a parcel-post



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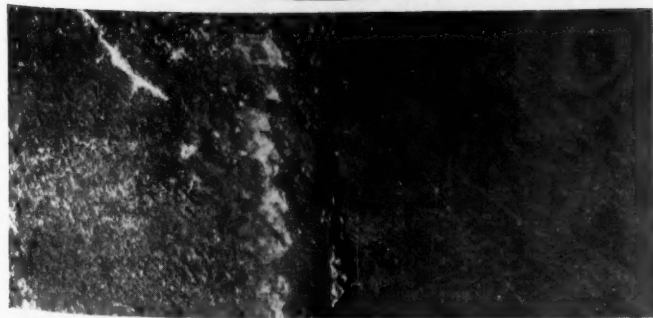
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The book "Plain Talk About Concrete Floors," which describes the type of concrete floor that over two decades has proved the most profitable floor investment, will be sent you on request.

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Actual photograph of a plain cement floor (left) and a Masterbuilt Floor side by side in a Detroit building. Note comparative condition of the two surfaces after an equal period of ordinary commercial and foot traffic.

Stimulants, Sedatives or Food ~

from a Health
Standpoint



© 1929 H. L. I. CO.

THE desire for extreme slenderness is bringing serious consequences. When stimulants, sedatives or drugs are substituted for the food needed to build health and strength, the penalty is certain and severe—frequently broken health and sometimes death.

Half-truths are often more dangerous than falsehoods. While it is true that an excess of fat is undesirable and frequently dangerous in the later years of life, it is not true that young people—under thirty years of age—can ordinarily expect to have good health if they avoid wholesome body-building foods and persist in a rigid “reducing” diet. There are certainly more cases of tuberculosis among young “underweights” than there are among those of normal weight.

During childhood and the early adult years, Nature demands a bodily reserve upon which she can draw in time of need to fight disease. In youth a few pounds of excess weight are a valuable protection against physical breakdown. The sacrifice of this needed tissue may result in permanent injury, although the accounting may not come until years later.

Despite the claims of faddists and selfish inter-

ests, there is no mystery today in what constitutes an intelligent diet. The doctor who would not hesitate to prescribe a stimulant or a sedative in case of emergency, would forbid their use in place of needed foods.

A famous health expert was asked bluntly, “Do you think stimulants are harmful to everybody, no matter in what degree the stimulants are used?” He said, “Not always, but everyone should try to put himself in such fit physical condition that he will not need or desire artificial stimulation. The hunger for stimulants is an indication of weakness and evidence of improper diet or other incorrect living habits.”

Certain practices trick the appetite and dull the desire for nourishing food. When the demands of a normal appetite are too frequently denied, the appetite may be lost and food be made repugnant.

Perhaps it is too late to talk to older people stubbornly set in wrong habits, but if the fathers and mothers of tomorrow will eat properly, exercise properly, work properly, sleep, breathe, stand, walk—yes—and *think* properly, they and their children will have better health and longer lives.

The Metropolitan Life Insurance Company has the privilege of consulting famous specialists on important questions of health. While the Metropolitan wishes to point out most emphatically the danger of too strenuous dieting at the earlier ages, it also wishes to stress, no less emphatically, the danger of overweight at the older ages.

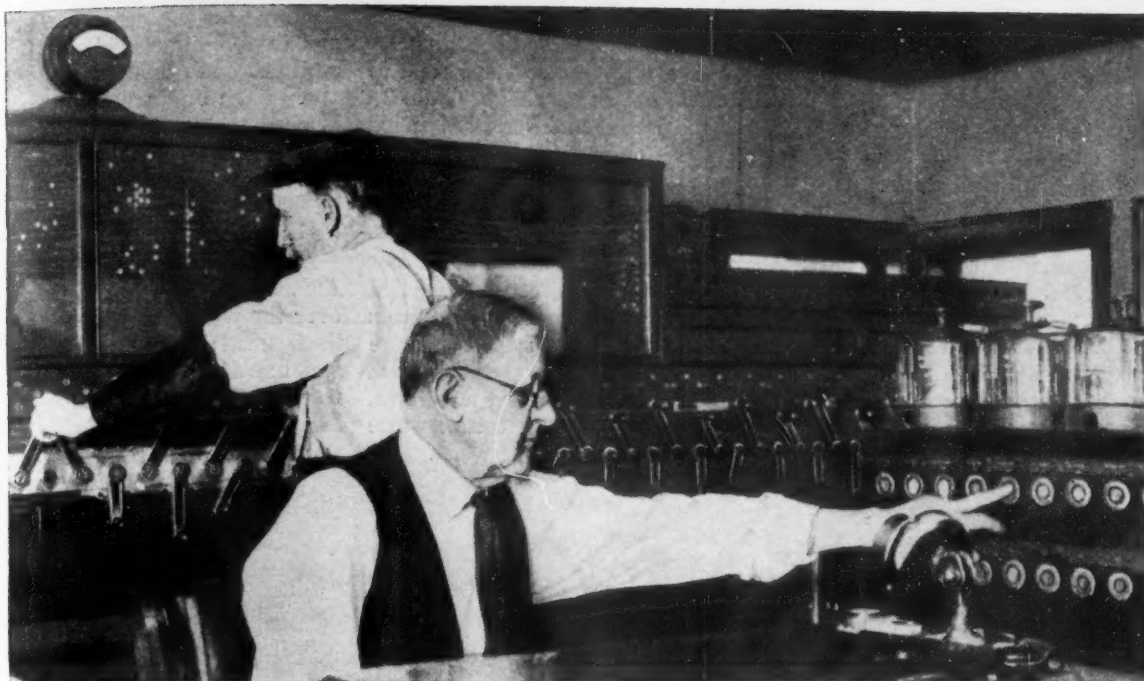


Our booklet, “Overweight”, tells the best methods to control these evils. It also tells what you should weigh considering your age and height. Ask for Booklet 59-U, which will be mailed free. Address Booklet Department, Metropolitan Life Insurance Company, New York, N. Y.

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UNDERWOOD & UNDERWOOD

On modern roads tracks are assigned and switches set by means of buttons and tiny levers

Backaches Go Out of Railroading

By CHARLES F. CARTER

THERE was a time when railroad men could look the whole world in the face, sleep undisturbed by qualms of conscience and accept without blushing the paymaster's monthly dole. You see, in the not-so-good old times, when railroads were operated by main strength and awkwardness, the hired hands worked for a living; they certainly did!

But in these degenerate days? Ah!

While Henry Ford was dreaming about a workless world, railroad management went right ahead and supplied its share thereof. Now railroad men toil not, neither do they spin; for the greater part of railroad operation is automatic and the rest is accomplished by pushing buttons and looking busy.

How, otherwise, would it be possible for railroads to meet satisfactorily demands for transportation which have increased 191 per cent since the beginning of the present century while population was in-



BROWN BROS
NEW YORK

The old-time switch tower stood like a robber baron's lookout, often in the loneliness of an isolated junction, begirt with windows and presided over by a veteran who did his daily dozen on the shining handles

creasing only 50 per cent—demands which, measured in ton-miles per capita, are equivalent to eight times the volume of traffic carried in Great Britain?

Yes, sir, railroading was too much like work to be contemplated with equanimity when dad was a boy. No 16 hour law hindered the flow of interstate commerce—at least, not until 1908. When a freight train, shepherded by a dispatcher popularly believed to be incapable of "making a meeting point between a thirsty Dutchman and a stein of beer," staggered into the terminal after 18 or 20 hours on the road the crew could count on finding a message from the dispatcher at the opposite end of the division somewhat to this effect,

"Come right back here. I am so lonely without you."

Everybody thereupon would gobble sandwiches with one hand while turning the engine with the other. Then they would grab a few cars—14 loads made a full train over the hills on some railroads on the

thither edge of the corn belt—and double right back over the length of the division. When, in the course of human events, they reached their destination it was ten to one that again they would find awaiting them a message from the dispatcher in substance as follows,

"Go right back, now, and see how far you have traveled."

So they would go on, doubling and redoubling the road in a continuous joy ride, until they forgot which way they were going.

There was no lack of sustained interest, either. There were no block signals and other train crews sometimes got mixed on train orders. The engineer had to maintain a sharp lookout ahead in the hope of seeing the other fellow's smoke in time to stop and thus avoid the more unpleasant consequences of a meeting between stations. Also he had to manipulate throttle, Johnson bar, whistle and other appurtenances by sheer muscle, listen for knocks and pounds in the machinery, sniff for hot boxes and do sundry other things which, in the aggregate, kept him as busy as a dog fighting snakes.

The Engines Ate Coal

YET the engineer had a soft snap envied by the fireman until he was "set up"; then he wondered what he could have seen in an engineer's job. Envy, however, was intermittent. While running, the fireman was too much occupied to waste energy on uncharitable emotions. He was down on deck with his trusty number three scoop ladling coal into an insatiable firebox, 15 pounds to a scoopful, four scoops to an average dose, the first scoop of the succeeding treatment following hard upon the fourth of the preceding. Those little old eight wheel locomotives did not have enough tractive power to pull a setting hen off her nest; but, la, me! how they could eat up coal!

At coaling stations the engine men had a nice rest. That is to say, the engineer got down and oiled round, then with soft hammer and monkey wrench he cobbled up the old mill to make it hold together until they reached the terminal. The fireman, during his resting spell, climbed to the back of the tank and exhumed from the wet cinders there a slash bar and ash hoe. With the former he returned to the cab in which the air by this time was so thick with dust from the coal being taken on board that he had to cut holes in it to see to break up clinkers with the slash bar and ram them through the grate. After that he crawled beneath the engine with the ash hoe and cleaned the ash pan—that is, if he was not suffocated by the hot gases, or did not become panic-stricken, thinking the engineer was about to start the engine.

The fireman did not mind this chore so much because he knew that the next step

was to pull down to the water tank to take water. While standing on the spout to hold it in the manhole and throwing the rest of his weight on the valve rope he could count on a nice shower bath. In Winter the water on his clothes would freeze, thus affording protection from the wind.

Every few days the engine men would get something to eat, if they had the foresight to requisition an extra tallow pot and take some potatoes, a steak and a loaf of bread along with them. The potatoes could be laid in the cup-shaped aperture formed by the jacket on top of the steam dome around the whistle and pop valve. If properly covered with cotton waste



EWING GALLOWAY, N. Y.

The brakeman had to ride on top most of the time toying with the handbrake

they would be nicely baked by the time the coffee, made in the extra tallow pot leaning affectionately against the boiler head on the shelf above the fire door, was ready.

Then, when the dispatcher laid them out an hour or so to wait for a belated passenger train, they could broil the steak over a scoop of coals and feast like kings, assuming that kings ever feasted like that.

And, oh, the glorious lay-overs they used to have! Every time an absent-minded dispatcher forgot to double them back over the road without a pause the engine men had a lovely rest. In those rest periods the engineer would hurry right down to the round house where he would clean the headlight on his engine and fill the lamp, for that was the engineer's immemorial privilege.

After that he packed pistons and valve stems and pumps, likewise all the valves in the cab every time the boiler was washed out and looked his engine over to see how many defects he missed when turning in his work report. If he hurried fast enough he might get through by the time he was called to go out.

The fireman devoted his lay-over to polishing the jacket and its brass bands and the brass jacketed steam dome and sand box and cylinders and steam chests and all the bright work in the cab and blacked the smokestack and front end. Of course, if he could not finish it all he could do the rest when lying on side tracks on the trip, and thus avoid becoming muscle bound and lazy.

Brakemen, too, had a perennial picnic. All the head man had to do was to ride over the road comfortably ensconced on the forward sixteenth part of the fireman's seat box and welcome the advent of the pay car once a month—at least, that was his understanding before winning the coveted privilege of going railroading.

His forecast was correct, except that he had to ride out on top most of the time toying with the hand or "Armstrong" brakes as it was facetiously called to ease the train down hills and stop it at stations and while switching, since air brakes on freight equipment were unknown except on a few western mountain roads. He also threw switches, made couplings, helped load and unload way freight and a few things like that. If he did venture into the cab for a moment a marble-hearted engineer immediately ordered him to pull down coal within reach of the fireman.

You may remember that in former days railroads were not outlined in a continuous black belt of cinders as they are now. That was because the head brakeman, while at his post on the hurricane deck of box cars, caught all the cinders down his neck or in his hip pockets. The Black Bottom, Charleston and other alleged modern dance steps are but an old time brakeman's remembered contortions while glowing cinders wended their torrid way down his back from collar to sock.

Little Provoking Incidents

MOST trains had more or less switching to do and that was a great pleasure in days when stub switches were *de rigueur*. In a stub switch the square ends of the movable rails met the square ends of the fixed rails. Under the ardent rays of an August sun rails not infrequently expanded until their square ends would be wedged together as firmly as if welded. Finding the switch lever impotent, the brakeman in such a case would borrow the fireman's coal hammer to batter the rails apart, pounding and sweating to an obligato of invective that no gentleman would want his pastor to hear. When in an access of frenzy, he broke the handle of the coal hammer, the fireman would come in strong on the chorus.

All sidings on all railroads were down hill in both directions judging by the distance a string of cars would run in switching. As the engineer would do no more than shut off and let 'em drift, the brakeman had to make all stops by main

Pontiac welcomes the test of accurate operating cost figures



The Coupe, \$745 • Body by Fisher

WHAT more serious problem confronts the business executive today than that of cutting sales and distribution costs?

And what more logical solution of an important phase of that problem than to apply Pontiac economy to your business car operating costs?

For, in addition to those features which made previous models so economical for commercial use, the New Pontiac Big Six has many brand new points of advanced design, the value of which is sure to be reflected in still greater savings.

It is a bigger, sturdier car. Its bodies by Fisher have the rugged hardwood and steel construction which means greater durability. There is new long life in the larger, more powerful L-head engine with its full-pressure oiling system—with its big 53-pound crankshaft, counter-weighted to reduce bearing pressure at high speeds and increase smoothness of operation—with its G-M-R cylinder head which eliminates roughness, reduces spark-

knock to a minimum and increases the power output.

You will be astonished by the extent to which these Pontiac features remove that most costly element in distribution—lost time for the salesman. The incredibly large savings they effect in this way, and in many others, are quickly revealed wherever the test of accurate operating cost figures is applied.

Pontiac welcomes such tests. Let us hear from you. A letter to the Fleet Department at the factory will bring you our valuable Fleet User's Plan, a copy of the interesting book "Experiences of Various Companies in Handling Automobiles with Salesmen," and complete information about the many advantages offered to business car users by the New Pontiac Big Six.

Pontiac Big Six, \$745 to \$895, f. o. b. Pontiac, Michigan, plus delivery charges.

Consider the delivered price as well as the list price when comparing automobile values. . . . Oakland-Pontiac delivered prices include only reasonable charges for delivery and financing.

OAKLAND MOTOR CAR COMPANY, PONTIAC, MICHIGAN



THE NEW

PONTIAC

PRODUCT OF
GENERAL MOTORS

BIG 6

\$745
AND UP

When buying a New PONTIAC BIG SIX please mention Nation's Business to the dealer

strength, an operation less simple than it sounds, seeing that ten brakes out of nine were out of order and the rest would not work.

Couplings Didn't Always Couple

COUPLINGS were made with links and pins. There were round pins and flat pins of assorted sizes, links long, short and crooked made of iron flat, round and of various diameters. No drawbar would take a link or pin not especially designed for it; and, as no two master car builders could agree on drawbar design or the height above the rail a drawbar should be, making a coupling was somewhat of an undertaking.

The engineer would be signaled to slack back and slack ahead in attempts to make misfit couplings work until in his frenzy the poor man would bite chunks out of the boiler head. Making couplings was hard on fingers and legs and such. You could tell how long a brakeman had been railroading in the good old days by the number of fingers he didn't have. When a brakeman ran out of fingers the railroad company would make him a conductor if he had stubs long enough to hold a lead pencil.

But all that is past and gone. Now, if you were to mention stub switches to a railroad man he would not know what you were talking about. He would be equally in the dark about link and pin couplers if the Santa Fe had not thoughtfully preserved specimens set on posts in station lawns, placarded "Lest We Forget"; though why anybody should want to remember, the Santa Fe does not explain.

To make clear the extraordinary progress in railroad operation suppose we begin with the promiscuous assemblage of cars in a terminal yard. A clerk takes a stack of waybills and clatters off on a tele-

type the car numbers, initials, kind of load and destination, all of which is simultaneously reproduced in all the towers in the yard handling cars in a given direction.

A switch engine powerful enough to push Mount Rainier into the Pacific Ocean gets behind a mile or so of cars whose descriptions have been teletyped and begins pushing them over the hump, which is an artificial hill down which cars run by gravity. At the summit of the hump a lonely pin puller with a copy of the teletyped switch list in one hand lifts levers with the other to uncouple cars as they pass.

At the bottom of the hump another lonely man in an elevated glass cage with his copy of the teletyped switch list on a music rack plays a symphony in transportation on the keyboard before him, noiseless, to be sure, but none the less inspiring. Tiny levers and buttons operate electrical car retarders and switches by which each car is guided on to any one of 20 to 40 tracks and its speed regulated so carefully that it will touch standing cars

just hard enough to couple; for educated, self-reliant cars of this modern day would scorn assistance in making couplings.

Car retarders as installed on more up-to-date big railroads eliminate a young army of car riders, greatly accelerate the movement of traffic, reduce costs of yard operation and abolish one of the most fruitful sources of accidents. Without anybody getting his fingers dirty or exerting himself enough to work up an appetite, the many hundreds of cars that pass through a big terminal yard daily are classified.

Lonely, but Not Quiet

IT would be terribly lonely for the four or five men who now do the work formerly done by a couple of hundred if their solitary towers were not equipped with loud speaking telephones so that all can hear everything said by any of the others. Unfortunately, business seriously interferes with gossip.

Meanwhile the division superintendent, after lighting a fresh cigaret, asks his chief clerk what the weather forecast is. Upon being informed that a gale with snow and sleet is sweeping westward from the Atlantic, he expresses the opinion that the K-3-q-exes, this being the official designation of the class of engines assigned to fast freight service, oughtn't to be given more'n so many tons eastbound tonight, which opinion is conveyed to the yardmaster.

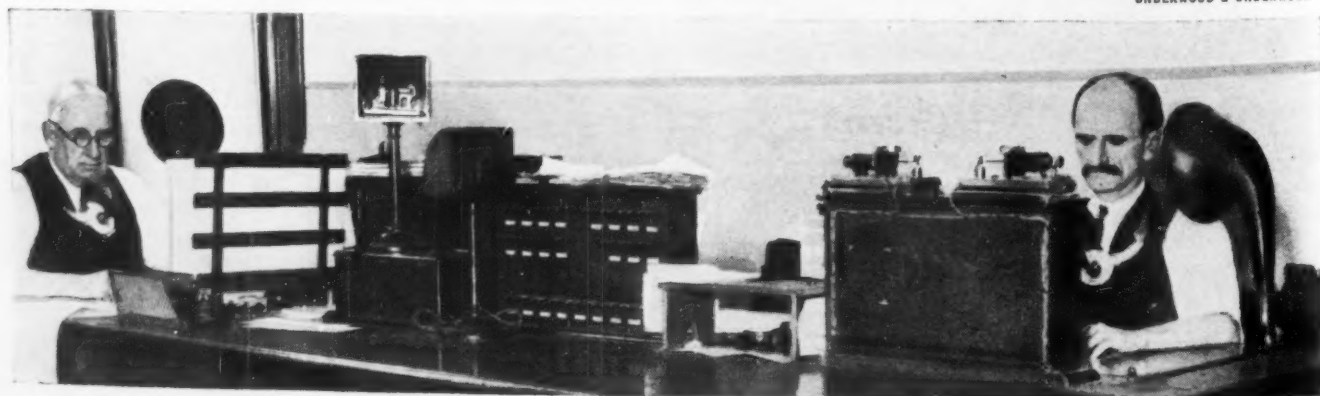
At the latter's office a clerk behind a drayload of waybills, on being informed of the decree, begins "weighing" out the trains. With the butt end of a pencil and a vacant mind he twirls the dial of a tonnage computer which does his thinking for him, automatically adding to, or subtracting from, or standing pat on, the total weight of each car by a

(Continued on page 134)



BROWN BROS., N. Y.

ONCE the train dispatcher's office was a grimy place where the decorative features consisted principally of a smoky oil lamp and a loud-ticking alarm clock. But nowadays the train dispatcher and his assistant sit at a shining desk laden with loud-speaking telephones and other efficient ultra-modern devices



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Burroughs



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The Banks Want Bigger Bankers

By JONATHAN C. ROYLE

Editor-in-Chief, Business News Service, Consolidated Press Association

ROOM at the top? There is so much room on the top floors of the banking and financial edifices of the United States that the occupants get lonesome. There are scores of eight-room apartments vacant with the landlords just clamoring to redecorate according to the desires of tenants. The bank mergers and consolidations, which have been a feature of the financial world in the last two years, have set up an insistent demand for banking executives of a caliber big enough to handle the augmented concerns. The supply has been entirely unequal to the increasing demand.

This shortage is certain to continue. The merger movement of the banks has just begun. There are today a half dozen mergers in prospect for every one that has taken place in the last two years and the



Clients used to come to the bank with their hats in their hands and with contrite hearts

need for such consolidations is growing instead of diminishing.

To head these combinations, men of vision and imagination are being sought as well as those with a knowledge of banking practice and traditions. It is doubtful, according to many financiers, whether the banking industry possesses these men. Executives of the future in many instances may be chosen from other lines of endeavor.

Banks will be bought this year or absorbed into the big chains not for the purpose of securing additional assets or territory or connections, but to capture efficient and much desired executives who can be lifted at once into places of the highest responsibility and given complete freedom of action.

This trend is already observable. A New York financier, who has just bought a number of banks in a nearby district and consolidated

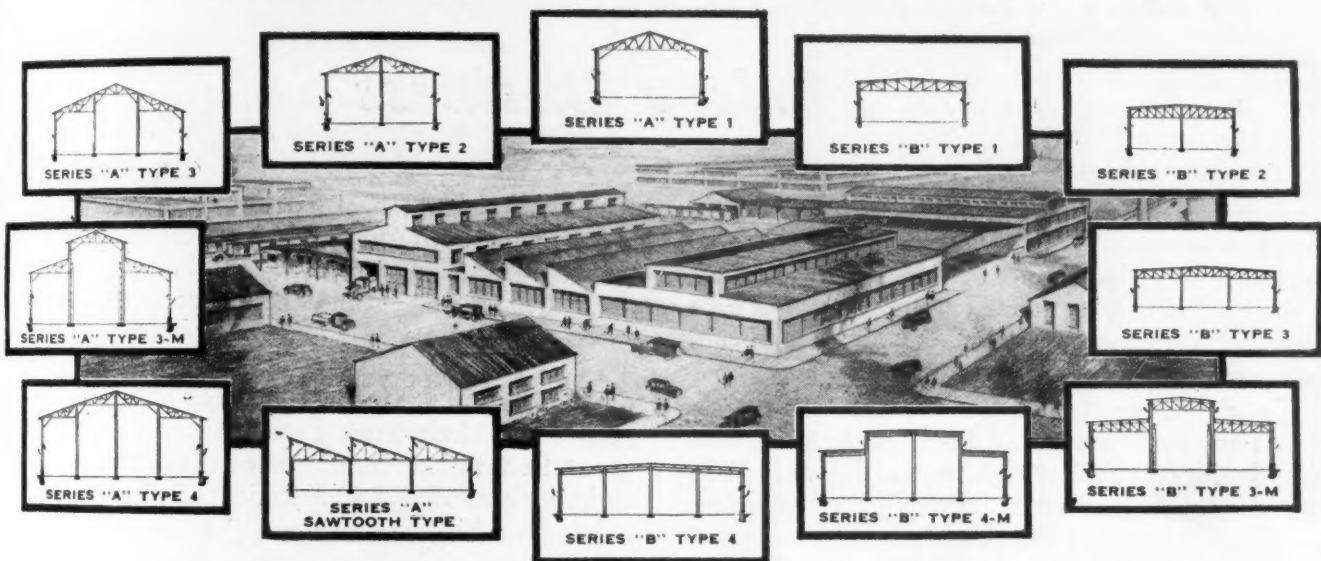
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Truscon Engineers will be glad to confer with you or your architect or contractor offering quotations and suggestions without obligation on your part. Write for literature.

Truscon Steel Company • Youngstown, Ohio
STEEL BUILDING DIVISION

Engineering and Sales Offices in Principal Cities. Factories in Youngstown, Cleveland, Detroit, Los Angeles and Japan.



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When writing to TRUSCON STEEL COMPANY please mention Nation's Business



AN EDUCATIONAL FORCE

THAT HAS EARNED THE CONFIDENCE

of Modern Business

THE present widespread interest in adult education has brought forcibly to the attention of business men and educators the problem of the grown worker, denied vocational training in his school days, who wishes to extend his knowledge and increase his efficiency.

To the International Correspondence Schools this is not a new subject. Adult education has been their business for thirty-eight years. It was in 1891 that the I. C. S. undertook, virtually single-handed, to solve the wage-earner's study problem on a practical basis. At that time an ambitious worker who felt the need of further education along the line of his employment had only one place to turn—the new school of home instruction that was growing up in Scranton. He was carefully and conscientiously taught, and if he had the character to match his training, he invariably became more valuable to his company.

It was not long before far-seeing executives began to appreciate the possibilities in this new idea. They recommended students for instruction and proved for themselves the benefits of the I. C. S. system. Since that time the vast growth of the International Correspondence Schools has been paralleled by the development of a well-founded confidence on the part of employers everywhere.

The I. C. S. has become the right arm of Industry. Thousands of its students, past and present, occupy responsible positions as foremen, superintendents and managers in the organizations where

they work. And as new conditions demand an increasingly high proportion of trained men in nearly every field, industrial and business leaders are depending more and more strongly upon the International Correspondence Schools to give their workers this training. Even executives with college degrees find in I. C. S. courses the specific knowledge which their work demands and for which a general education has not fitted them. More than eight per cent of all I. C. S. students are college men.

Modern business has a right to expect four things from an institution that offers educational service to its employees:

1. Appreciation of the employer's point of view and willingness to co-operate with him in helping the student select the courses that will be most useful in his work.
2. Sound, competent instruction and the best possible texts.
3. The financial ability to fulfill every obligation.
4. A sincere interest in every student's progress and the encouragement that will keep him studying until he has acquired the training he needs.

These are matters of principle with the I. C. S., and have been for a generation. Upon their scrupulous observance has been reared a structure of business confidence such as few enterprises have been privileged to enjoy.

Ralph E. Neess
President

INTERNATIONAL CORRESPONDENCE SCHOOLS

FOUNDED 1891

SCRANTON, PENNA.

When writing to INTERNATIONAL CORRESPONDENCE SCHOOLS please mention Nation's Business

them, was discussing the matter of personnel of the new organization recently.

"My only worry," he said, "is the choice of an executive to head the organization. I will leave in— (President of the largest of the merged banks) for a time but I am afraid he does not measure up to the requirements. If he does not, I will pick out another bank with a good executive, buy that and put the new man in his place."

Thinkers Are Wanted

THE new banking chiefs are not going to be confined to men from New York, Chicago, Philadelphia, Boston or other large financial centers. Men who can think in terms of hundreds of millions and billions are wanted, not men who have handled huge sums at some one else's instance. One southern banker has been offered positions in the largest firms in the country because he is that type of man. So far he has preferred to do his thinking and his consolidating for himself, even though he dealt with units comparatively small.

The banks themselves are responsible for the lack of high-class executives. Training for big jobs has been lamentably lacking. For years, advancement in the banks was as slow as promotion in the Army in peace time. Salaries were so notoriously low that it was a source of constant wonder how bank employees lived. Certainly the salaries were so small as to preclude any contact with outside interests beyond those contained in the A to E and O to Z ledgers. A young fellow went into a bank as a runner, worked his way laboriously to a teller's window, and, if he were lucky, became an assistant cashier before old age overtook him.

That kind of training stultified ambition, narrowed vision, and killed imagination. The writer once attended the annual banquet of one of the largest financial institutions in New York. In that big assembly no steel and flint of wit or repartee could strike a spark of initiative from a single diner. They laughed at the fuzzy old jokes of the master of ceremonies, a vice president, when they got the signal. They applauded at a nod from the head bookkeeper. They sang when they were told to do so.

Finally an old gentleman arose and delivered an impassioned speech on success and how to attain it. He stressed faithfulness and sticking to one's job as the prime essentials and closed by reminding his hearers that he had been with the bank for 45 years. Feeling that the speaker must be at least the chairman of the board, I asked who he was. I learned that he was the superintendent of the safe-deposit vaults, a step above the night watchman since he worked in the day time.

Now bank employees are encouraged to think as well as to add and subtract and multiply and divide. They are being

given real training which will fit them eventually for high financial positions and responsibilities. It will be 15 years, however, before the new crop of executives is matured and developed.

For the banking brains of the United States realize that "Old Eagle Eye," the banker with the cold eye and with ice water in his veins, is as dead as the dodo. The public now is impervious to the flashing glance sharpened by constant "looking for the best of it," and it has discovered how easy the ice water can be turned off.

Clients used to come to the bank with their hats in their hands and with humble and contrite hearts. They were palsied by the cold eye behind the mahogany desk. The banker knew them all and just how much he could loan them with safety. He proceeded to loan them about half that amount. The banker knew personally the business of his clients and their backgrounds, and the commercial banking business presented few major complications.

Moreover, the financial executive avoided complications because he demanded subservience on the part of borrowers. Modern executives tell with glee the story of the country banker who rushed out to where a bank patron was lying after being struck by a sign that had

fallen from the bank building. The banker reproached the injured man bitterly for daring to be hurt in front of the bank, collecting a crowd, and giving the bank "a bad name."

It's a Case of Mutual Benefit

NOWADAYS clients feel that they are doing the bank as much of a favor as the bank is doing them when they borrow money on good security. The transaction, they feel, is one of mutual benefit and they wish it to be treated as such. Moreover, there are many banks and competition is severe. All the client has to do, if he is given the ice-water treatment, is to take his collateral around the corner to another bank. And the bankers know it.

This fact has developed a breed of executives who are human and who know how to mix. They know how to speak their client's language and they play his games and share his interests. A lot of jokes are current about bankers' hours but many a bank executive gets a lot more business on the golf course, at the opera, around the clubs or over a bridge table than he could obtain by sitting behind a glass-topped desk.

The old type of commercial banking, which, when all was said and done, con-



A young fellow began as a runner and, if lucky, became assistant cashier before old age overtook him

sisted of getting money at four per cent or less and loaning it on good security at six, today plays only a minor part in banking activities. As competition grew keener, the old stock of goods had to be augmented. Clients had to be attracted and it was necessary to take on new lines to dress the window and fill the show cases. The trust company business has grown to extraordinary proportions; the development of America's foreign trade has necessitated international connections and affiliations.

Banks have become the largest managers of estates and are executors of hundreds of thousands of wills. Patrons demand service and they receive it, such service ranging all the way from buying school books and sending pocket money to children to securing shoot-the-chutes equipment for Borneo chieftains. The banks are acting as advisers to thousands of investors.

Hence it was a natural step that the big commercial banks should take on investment banking and the sale and distribution of financial issues as part of their activities. The vice president of one huge bank and trust company, just formed by consolidation, declares that this expansion is bound to continue.

"The modern bank," he said, "is growing to be like a chain drug store where one can buy anything from a lettuce sandwich to Ford parts. Every time one of our competitors shows a new line in his windows, we have to meet it with a similar line or another which will have equal power of attraction."

These are the conditions which are behind the insistent call for broad-minded, up-to-date bank officials for the higher posts. They must know as much or more of most other businesses than they know of banking.

The Requisites for an Executive

THE modern executive must not only know his client's business as well as the latter does himself, but he must be possessed of the social amenities and be prepared to arrange a wedding or a funeral and attend either in the proper regalia if necessary. He must know stocks and bonds, the trends of markets and foreign exchange, and political conditions at home and abroad. He must cultivate a wide acquaintance. Or, what is better still, he must have the ability to obtain assistants who can and will do all those things more effectively than he does.

Is it any wonder that there are vacancies at the top?

Nowadays no small amount of the banking business of the country is done on a basis of personal character. It was the proud boast of the old time banker that he could read character.

"I can read them like a book," was his favorite boast.

But a man can read only so many books and the up-to-date bank deals with

too many clients for one man to read the characteristics of all. In place thereof, the modern banker reads his clients' checks.

Few people stop to think how little of their lives and motives is hidden from their banker and how much can be read from the little perforated slips which start out "Pay to the order of." If a man is leading a double life, his cancelled checks will show it almost inevitably. If he is playing the stock market or gambling on the horses, the checks unveil the secret. They indicate what rent he pays, how much his wife spends for clothes, what it costs him for electric light, gas, and telephone and whether he pays his rent or his coal bills promptly.

A Blot That's Never Erased

A MAN'S checks are an open book which can be read far more easily than his countenance. The modern banker prefers the more accurate method. A man may tangle with the law and may go to prison and the fact may be forgotten and never count against him, but a blot on the record of his bank deals is never erased and the step aside from the paths of commercial honor is never forgiven.

Such information concerning customers is frequently exchanged among banks in all sections of the country. In fact, it is becoming the usual thing for the larger banks to buy blocks of stock in banks in the various smaller industrial and commercial centers so that they will have the advantage of information on the men and businesses there.



If a man is playing the stock market his cancelled checks reveal the fact

It is surprising how speedy this interchange of information has become. For example, an investment banker in New York recently had an application from a bond broker in one of the smaller cities of the state to handle part of an issue the New York house was putting out. The New York house naturally wanted full information about the applicant before entering an association of that sort. A query was sent out to the up-state city at 9 a. m. Before noon the investment bankers knew why the applicant's stenographer had left two weeks before, how much he was behind with his bill at the hotel where he lived, how much his bootlegger cost him, and how much he had been offered for his automobile, along with other and perhaps more pertinent information.

With that kind of service at his beck and call, the modern bank head has time to give to constructive thought and planning. Where the trick comes in is that he must also have the capacity to give to such plans. That is why men—like N. L. Jonas and A. P. Giannini—who have built up huge banking chains do not hesitate a moment to buy a bank merely to get a man who can think constructively and along progressive lines. One success-

ful executive attributes his rise to the fact that during and after the war, while he was a bookkeeper in a branch bank with a big foreign clientele, he got used to dealing in billions and trillions of marks.

"Setting down that many ciphers used to scare me," he said, "until I came to realize that in real money the sums were almost absurdly small.

"The only difference between running a large and a small banking business lies in not letting the ciphers mean anything to you. The policy is right or wrong whether the sum involved is \$2,000 or 2,000 millions."

The elevators are waiting to shoot those with foresight and vision up to the top of the financial world.

**A
CLEMCO
DESK**



Directors' Room of the Bowman Dairy Company, Chicago, showing the "CLEMCO" Emerson Suite as installed by Marshall Field and Company, Chicago

In Terms of Profit

A FINE office earns a profit by the good impressions created upon callers—employees—upon yourself. It generates a feeling of trust—of respect—of achievement.

Distinction in design, rare beauty of precious woods and exclusive construction features are incorporated into Fine Office Suites by "CLEMCO".

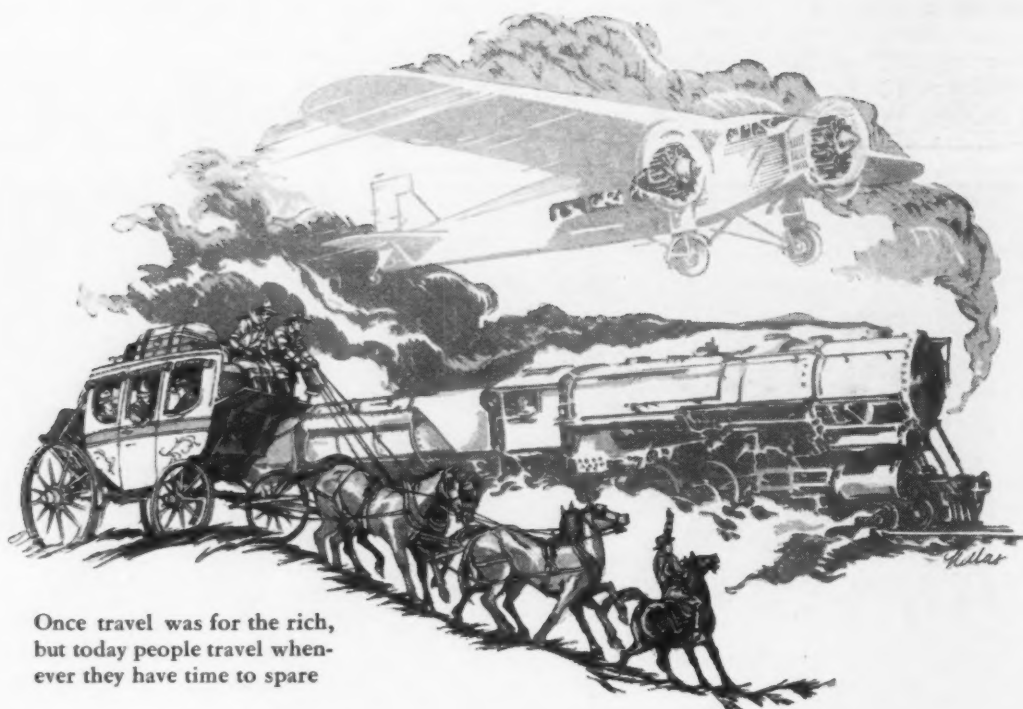
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**A
CLEMCO
DESK**

This Your Insurance



Once travel was for the rich,
but today people travel when-
ever they have time to spare

Why People Leave Home

By DON FRANCISCO

Lord & Thomas and Logan, Los Angeles.

Decorations by Don Millar

I FIND that nearly 200 years ago, an Englishman made a study of travelers, and set down what he believed were their reasons for leaving home. The reasons were three, health, curiosity, and business. Among the business travelers he included those who left their country for their country's good—that is, to escape the law.

The present-day community advertising man finds more reasons than these three, and is obliged to make a closer analysis than did the Rev. Laurence Sterne when "Sentimental Journey" was written. Sterne's purpose was literary, whereas the advertising man must attract travelers to a particular section of the country or the world.

In the Eighteenth Century, travel was for the rich. Comparatively few persons could afford the "Grand Tour" of France and Italy, which was supposed to finish off the education of the young aristocrat, the event of a lifetime. Stagecoach and sailing ship provided the only means of covering ground, unless the traveler walked.

Today, people travel whenever they have a

little spare time. They have the railroad, ocean liner, motor bus, automobile, airplane and dirigible. They carry hundreds of millions of dollars in spending money. And to any community they can be induced to visit they bring growth, because a certain percentage may be persuaded to stay, building homes, starting business enterprises and making investments.

So the advertising man must know more about travelers than did Sterne. He must know more about travelers than they knew about themselves.

I am an advertising man and have spent a dozen years studying travelers of every kind, for the purpose of attracting them to a certain locality. Going a little further than the gentle author of "Sentimental Journey," I have tabulated the motives that set people roving. I list desire for change, desire for amusement, desire for something to boast about, interest in scenery and history, contrasts in climate, desire for educa-



tion, health seeking, and opportunity.

Let us look at these motives, as advertising men, and see how each can be utilized.

The desire for change is present in most people from the time the child is able to plead, "Tell me a

story," until the bored old grandparent slips out the back gate and runs away from his daughter-in-law. For old people run away from home almost as much as children, and are found in the railroad stations of every large city.

To want to get out of ourselves, by every possible means, is a basic human urge. We go to the movies, read stories and travel to escape the routine of office and household duties.

"Come with me, and I will make life romantic, adventurous, different," says the advertising man, and when people are promised thrills, they will find them under the very eyes of natives who find life humdrum. Multitudes in New York City yearn to go questing for romance and adventure in the Far West, the South, and the West, and to thousands in the West the lure of Old Mexico is quite irre-





What makes a TRUCK truly MODERN?

DOES IT REDUCE COSTS ?

To call a truck "modern" does not make it so. The fact that it was brought out this year does not make it modern.

Trucks truly modern are cheaper transportation. In several definite ways they help increase volume and profits—for any modern business:

- 1) They reduce distances and cut down time—enlarging the area you can serve or in which you can deal.
- 2) They reduce the cost per ton-mile for all hauling.
- 3) They represent your business as a modern business, in the eyes of a modern public.

Real thinking on this subject will lead any shrewd buyer to an investigation of the values offered by General Motors Trucks. For these are modern trucks in every sense of the word.

Powered by the famous

PONTIAC, BUICK, and BIG BRUTE engines, there are 42 types—of different basic straight rating capacities. Their prices contain no "padding". Fair and business-like allowances are made on used truck trade-ins—but no "excess allowances". (Time payments are financed at lowest available rates through Y. M. A. C. plan.)

Many pages could be filled with facts about what these trucks are doing for thousands of owners, today. About their splendid mechanical features. Or about the buyers' safe-guards which operate for every man who buys a General Motors Truck. But our Work-Test offer tells it all, more clearly than many words could:

GENERAL MOTORS TRUCKS

GENERAL MOTORS TRUCK COMPANY, Pontiac, Michigan

Nation-wide service and sales-representation:

Factory Branches, Distributors, and Dealers, in 1500 principal cities and towns

A MODERN TRUCK FOR EVERY PURSE AND PURPOSE

When buying a GENERAL MOTORS TRUCK please mention Nation's Business to the dealer

MEDIUM-, and HEAVIER-DUTY New BUICK-Powered

More power and speed than you'll ever need . . . Vibrationless smoothness and flexibility . . . Big safety-margins of reserve strength in every detail of construction . . . These trucks brought new ideas of work-capacity and work-speed . . . With the beauty that pays dividends . . . 33 different basic STRAIGHT RATING CAPACITIES. (Prices chassis only, F. O. B., Pontiac, Mich.):

**\$1395
to
\$3315**



**MAKE
THIS
WORK
TEST**

WE provide gas, driver, and any General Motors Truck (whatever available model, chassis or body most closely meets your haulage-needs) for an adequate test. Prove in your own work what these trucks will do. Tests provided through our 55 branches and distributors (except in states where unlawful.) If you don't know nearest source, write for immediate information.

sistible. Tourists come from Old Mexico to feel the city thrills of Los Angeles and San Francisco; and to multitudes in the West and South, a visit to New York seems the height of excitement. The desire for change is just the desire to be somewhere else, and one of the fundamental reasons why people leave home.

The desire for amusement is the desire for something to do after they get elsewhere. Action, good times, sports, dancing, mountain-climbing, riding, motor-ing, yachting, swimming, surf-board and canoe, native feasts on the beach in Hawaii—the range is endless. This is a wonderful motive to attract the young and they often cast the deciding vote when the travel decision is made.

A Competing Attraction

THE desire for something to boast about was clearly defined by Sterne when he said, "An Englishman does not travel to see Englishmen." The desire to say they have been there takes most tourists to Europe and is a great competitive attraction against which American advertising men must work. It is a human craving for distinction. The appeal to this desire must be made subtly. One way is to attract smart people to your locality thus conveying the impression that to be smart you must see it. You can discern this appeal in much of the travel advertising.

An old story about two Americans in a European art gallery illustrates the desire to boast about one's travels. The first American was reading the numbers on statues, and the second looking up the titles.

"Number 427, Bill," said the first, bending over a label.

"The Venus de Milo," read the other.

"All right, Bill, check—we got her," said the first, and they went on, neither looking at the statue.

Many persons have a genuine interest in scenery and historic backgrounds. They get thrills from Niagara, the Grand Canyon, the Alps, the Spanish Main. Reading has prepared them to enjoy the Pyramids, the European castles and English literary shrines, the relics of Spanish days in California, and so on. Europe is naturally rich in history, and besides those who want to see historic places because they have read about them, we have in this country millions of persons whose parents and grandparents came from Europe. They enjoy going back and picturing the conditions in which their forefathers lived; perhaps imagining

what they themselves might be had not one of those forefathers mustered courage to break loose and come to America.

The United States, on the other hand, has scenic attractions that draw travelers from other countries.

So the advertising man can match scenery against history, and carefully cultivate his own historic resources.



People living in the cold climates want to enjoy the oranges and palms of the tropics

Henry Ford is credited with the remark that "history is bunk," a saying that promises to become historic, yet was probably not made seriously. From an advertising standpoint, a good deal of history is bunk. If you emphasize the historic importance of a place in which there is really almost nothing to see, tourists will find interest in it, and tell others, and the first thing you know you will have a first-rate historic tradition.

I might catalog a dozen places in this country that are hallowed by time and associations largely the creation of imaginative advertising men. Some of the famed historic spots of Europe would not bear close analysis on this basis and those who come home with descriptions of their feelings as they stood in those spots would be astonished to discover how little they really saw.

Contrasts in climate make a very strong appeal. Those who live in cold sections want to enjoy the oranges and palms of the tropics. By the same token, those who live in the eternal summer lands are found in cool northern resorts every year, and this basic desire is easily

transformed from touring to residence. Just as those who in middle life, grow tired of the rigorous climate of our northern states, and go to live in some mild place, so the folks who have led an active business life in the tropics find a welcome change in a temperate climate.

The desire for education is supposed to be the real bottommost reason for travel, but as an attraction it is less compelling than all those I have given so far. It does take thousands of teachers touring every Summer, and I suppose that even the most frivolous traveler picks up some education along with change and amusement. But it is not a strong argument with which to entice tourists. At best, the advertising man can promise some culture and maybe that convinces stay-at-homes who might not be persuaded in other ways.

Health-seeking and business opportunity appeal to invalids who must travel to get well, and those who hope to find wider fields of enterprise in new localities. But these are not strong advertising arguments. Opportunity appeals almost solely to men—and it is not the men who decide travel. It is the women and young people.

Health-seeking is also largely a man's argument, for it is generally the man who breaks down in business. The women go along because they have to, and the young people go elsewhere, or stay home. If it were possible to create a perfect paradise for health-seekers and opportunity-seekers, where every man would find his old vigor and a business ten times magnified, that would be a lean travel proposition, if there were no other attractions. It might become a wonderful industrial community, because of the captains of industry it would attract, but for the fascination of travel it would be like a musical show with a chorus of grandmothers.

Fitting Motives to the Times

THESE, then, are the reasons folks leave home, as I have found them by watching carefully the results of community advertising as shown in returns such as hotel business, sales of railroad tickets, motor cars from other states passing along key highways, the building of new homes, the bringing in of new factories, and other factors that show community advertising to be successful.

Last, but not least, we measure results by the willingness with which business men in the advertised community make their next year's contributions to the advertising fund.

In the particular community I have in mind, we have built on different motives at different times. We started by a strong

Only the flash of a hand

yet for 30 years
it helped to mold
the spirit of a
Railroad . .

A PALE ribbon of road snatched quickly by the darkness, a soft blur of lantern light, a white hand flashing for a second.

That's all the crew of the night freight saw as they thundered by the crossing at Nevada, Ohio. Yet, to hundreds of Pennsylvania trainmen, that waving hand became a symbol of the spirit of the Road. For the man behind that hand was more than a crossing watchman, he was a *railroad man* and the gallop of the Iron Horse throbbed in his blood.

Ninety-nine out of every hundred people who saw this watchman by his little hut must have thought that his only duty was to close the gates when a train approached and safeguard those who crossed the tracks. Technically that was correct.

But actually this Pennsylvania watchman, who recently retired on a pension, did more! He felt it was part of his job to contribute to the team-work that gets Pennsylvania trains through safely, swiftly, and on time.

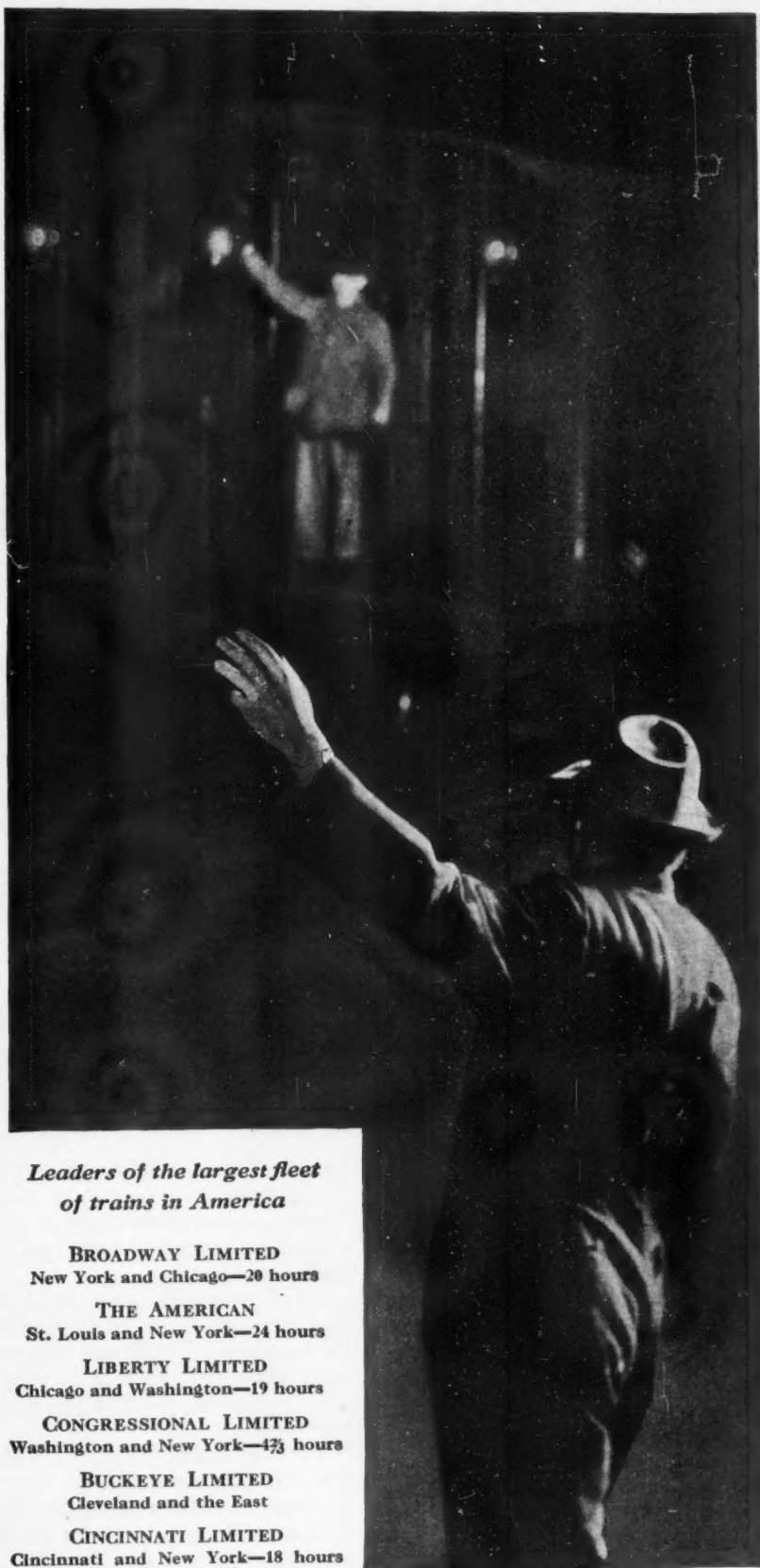
Shortly after his retirement a fellow-employee wrote:

"About the first instructions and advice I received when I entered train service was—'Watch the crossing watchman at Nevada!' There was not a trainman on the division who did not do the same thing.

"If we received a hot-box signal or a stop signal from that crossing watchman, you could bet your last chip that action would be taken, for his signal was never wrong. He knew his stuff. When the train was in good running order, he would wave his hand and many a man has felt better for seeing that friendly salute.

"And that friendly salute never failed for 30 years."

The Pennsylvania takes pride in the loyalty of its employees—a loyalty that has played a major part in molding the spirit of the Railroad.



Leaders of the largest fleet of trains in America

BROADWAY LIMITED
New York and Chicago—20 hours

THE AMERICAN
St. Louis and New York—24 hours

LIBERTY LIMITED
Chicago and Washington—19 hours

CONGRESSIONAL LIMITED
Washington and New York—4½ hours

BUCKEYE LIMITED
Cleveland and the East

CINCINNATI LIMITED
Cincinnati and New York—18 hours

PENNSYLVANIA RAILROAD

Carries more passengers, hauls more freight than any other railroad in America

appeal to the desire for change and amusement. When we found that one out of ten tourists remained to make a home, we paid more attention to the more solid motive of opportunity in new surroundings. Many of the tourists who remained either embarked in business or sought work, and that in turn made us emphasize the industrial advantages of the community.

Finally, when we had run this whole gamut of motives, we settled upon a combination to appeal to each class, offering the tourist and vacationist something to see and play at; talking of healthful climate to the man who must make a change; explaining the opportunities for business to the man who feels that his chances will be better elsewhere than where he lives; and giving solid statistics of trade, banking, wages and markets to the captain of industry.

Good travel advertising should use every line of appeal. True, some appeals bring greater response than others, and one must be governed by the locality advertised, as it may not have all attractions. One must also stick to the facts, picturing what travelers are to see and



Multitudes in New York yearn to go questing for romance and adventure in the Far West

do when they arrive. Sincerity is far more satisfactory than circus stuff.

Tourists now spend every year enough money to finance a war! The world total is estimated at \$3,500,000,000, spent

largely by Americans. The competition for this money is keen, of course. Mere publicity is no longer enough to attract travelers. There must be a selling campaign. You must promote the desire to travel, and turn that desire toward your community.

When you receive an inquiry for information—that is an opportunity. The person inquiring is, as yet, merely looking in the show window—yours and a lot of other windows. He or she must be sold.

Europe Draws Travelers

SINCE the war, Europe has made a determined drive for American tourists, and so successfully that the number attracted abroad has about doubled in five years.

European steamships, hotels, resorts and governments are spending several million dollars a year in advertising and Europe has many of the reasons folk leave home.

American communities are in competition with this advertising, but there is no reason to be downhearted about it. Europe is persuading people to leave home. After they have made up their minds to travel, they must still decide where to go. We must compete for that decision with advertising skill and salesmanship. In the end, European competition by encouraging the travel spirit, probably helps us more than it hurts. When people get that spirit they may go to Europe. But eventually they will get around to us.

The Feminine Touch in Advertising

By DUFF GILFOND

HAVE you a little woman in your advertising agency?" This is the question manufacturers are putting to agency owners and managers before consigning to them their vanishing cream, washing machine or what-have-you.

Twenty years ago when Ella S. Leonard founded Churchill Hall, a New York agency which she is still directing, she had to use her initials in letters to her clients to conceal her sex.

Today, when the first man smart enough to employ women in an advertising office, only as clerks, mind you, is still alive—I mean Quincy Miller who retired recently—and the first real advertising woman in New York is still in business, agencies must answer that question affirmatively, or four out of five clients will take their products elsewhere. So effective

have women proved themselves in advertising, that in one generation 18 clubs have sprung up over the country, all of them comprising women who sell, buy or produce advertising.

All of these have shown rapid growth. The Philadelphia club, for example, since its founding in 1916 has increased its membership from six to 114 and of these 114 members ten per cent own their own businesses.

For comparative purposes I might add that London has a club of advertising women, too, with but 35 members and in all France there isn't a single advertising woman as we know her.

Why do men, even men who are still too prejudiced to employ women in executive capacities in their own establishments, welcome women in advertising and seek their services for their own products? No

riddle! Women simply know better what other women want; and 85 per cent of the money spent in this country emerges from the taffeta or alligator-skin purse.

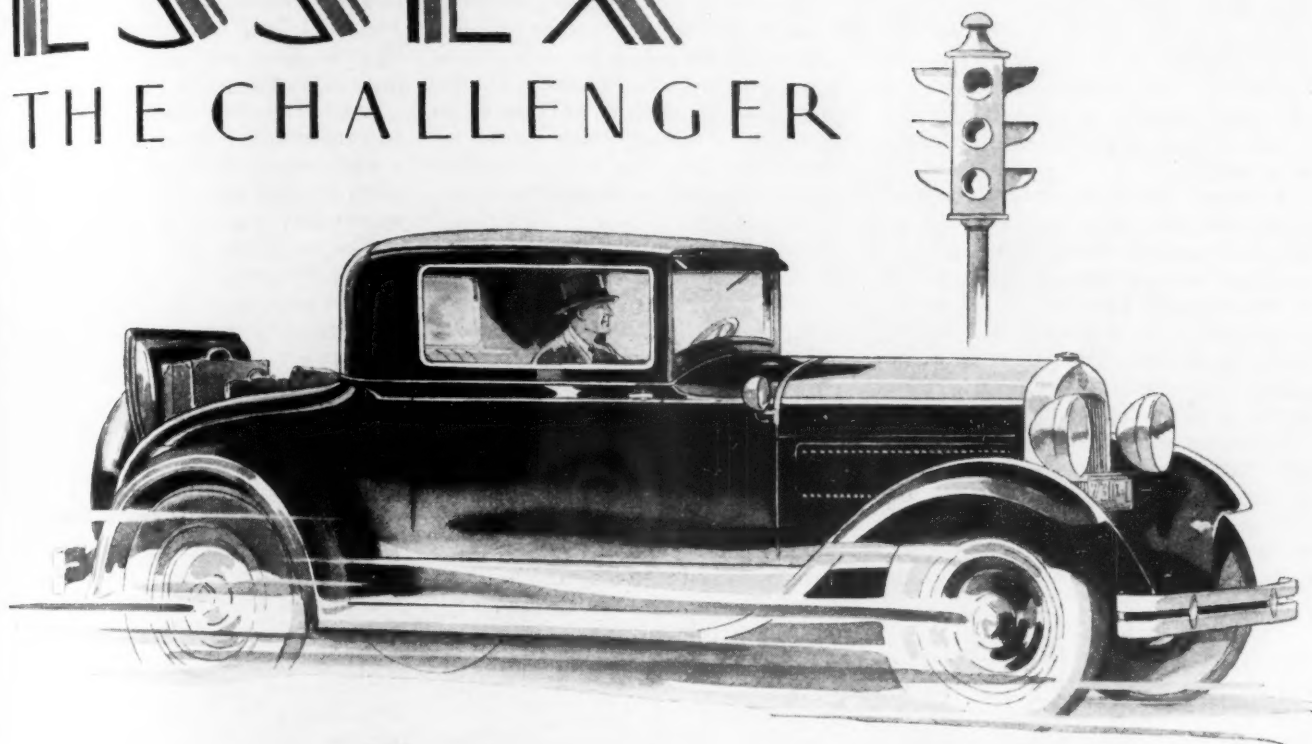
Even on articles purchased largely by men, as automobiles, the decision rests heavily with women. The concern of advertising men was always, "What do we want to sell?" Women have switched this viewpoint to, "What will women buy?"

They are ever creating new markets. Observing other women carefully, they notice that one shade of tan is more becoming to a woman's complexion than another or that if alarm clocks were painted in various colors they wouldn't look offensive on the dressing table. They are by make-up more interested in details than men and it's the little things that create new markets.

One professor of psychology illustrates

ESSEX

THE CHALLENGER



A Business-like Challenge to Business Car Buyers

Here is fast, dependable, economical transportation in a big, roomy, comfortable "Six" at little more than the cost of the lowest priced car on the market.

Essex the Challenger is a business car that earns and saves. It stays in service. Requires little attention. You can expect 20 miles to the gallon—many get more.

Hydraulic shock absorbers are standard. Also 4-wheel brakes, radiator shutters, air-cleaner, windshield wiper, safety lock, chromium-plated cowl lamps. Starter and electric gauge for oil and gas are on dash.

Business users, who have employed and

observed fleets of Essex cars in millions of miles of operation, tell us that maintenance costs are lower than any business transportation they have ever used or studied.

These are values that set Essex sales far ahead of any in Essex history. They are giving it a like preference in business use. For they challenge business judgment and business alertness to investigate and compare with any transportation the industry offers.

A qualified expert on individual and fleet uses for business will be glad of an opportunity to call.

Standard Equipment Includes: 4 hydraulic shock absorbers—electric gauge for gas and oil—radiator shutters—saddle lamps—windshield wiper—glare proof rear view mirror—electrolock—controls on steering wheel—all bright parts chromium-plated.

\$ 695
AND UP—at factory

When buying an ESSEX THE CHALLENGER please mention Nation's Business to the dealer

this difference between the male and female mind by sending a few of his students to the window to report on the view. The boys invariably see the panorama, house-tops, field, water; the girls describe cretonne curtains in somebody's window and a face pressed against the pane. Thus, in advertising, women are more prone to see the specific quality in a commodity and in describing it, to use more detailed, penetrating phrases.

To be sure, the hand that turns out good copy is not necessarily distinguishable as man's or woman's. Nevertheless, the consensus of opinion among the men and women to whom I spoke is that woman's copy has an enthusiasm that man's doesn't quite have. The propensity to exaggerate, to dramatize, to bubble over the article, is discernible in women's copy.

Moreover, as the advertising director of a department store told me, a brilliant woman copy-writer will stick to her job because of her interest in shopping whereas a man writing equally well, but hating shopping and its adjuncts, will abandon copy for short stories.

Another endowment which fits women for advertising is their romanticism. Did any husband ever know his wife to forget their wedding anniversary, no matter how many bridge schedules she had on hand?

The case of Elsie E. Wilson of the American Radiator Company is one in point. Miss Wilson's job is to advertise radiators, hardly a product to inspire sentiment and fancy. Who but a woman could make stern, formidable old heaters and boilers human? Miss Wilson did. She began to advertise them in basements fitted out as play rooms, with green card tables, checkered curtains and tennis rackets.

It must not be supposed, however, because women are more specific, dramatic and romantic than men, that their copy is gushy and maudlin. On the contrary, the tendency in many advertising departments is to put virility into copy. But virility and vivacity are not incompatible. One can be enthusiastic about a product without being effusive.

Women have abandoned long hair and skirts and are not writing about "itzy bitzy" bonnets any more or "smart shoes that trip lightly in and out of fashionable places." Nor are they raving about "*le derniere crie de Paris*."

Selling the Thrift Idea

THEY write in English and in common parlance. A dress is handled like a mat-tress and though their attitude may be a little different from men's, their subject matter is not.

In one advertising department I found a woman putting over the idea that it is "smart to be thrifty." In a series of ads she compares old-fashioned extravagance with present day thrift. How clever to make thrift stylish rather than moral! Does she use feminine material particularly to bring out her point? Indeed not!

For example, she built one advertisement around the old expression for extravagance, "lighting his pipe with a five-pound note," certainly a masculine one.

In advertising the work is always changing and we find women in all its branches—on newspapers selling space, in sketching, in laying out advertisements, in owning or managing agencies, as heads of departments, in styling, which means, for example, choosing the furniture which will best bring out the attractiveness of a rug.

Dozens of women who found teaching dull are getting a kick out of advertising. A woman is at the head of the typographical department in a very large agency; another is head of radio advertising on a New York newspaper. There is no limit to their possibilities in this field, hence, their satisfaction in it.

Accuracy alone demands women's presence in advertising. Gone are the days when man-made advertisements pictured women in bathtubs with their hair streaming; when step-ins were hung on the wash-line wrong side up; when a very reputable agency, advertising a washing machine, had its user dressed as a parlor maid in black cotton with a white lace apron and cap!

The most untalented woman could never, in advertising a soap for washing gloves, direct her readers to keep them on until they were dry—as one well-meaning man did.

Woman's Role in Research

FOR research, the newest phase of advertising, women are unquestionably more suitable than men. When a product doesn't sell women are sent to ferret out the reason. Perhaps the package is not attractive, perhaps, if it is a food, it has to cook too long, maybe the children don't like it. By canvassing dealers and consumers the researcher soon finds out.

Women make superior nurses because of their faculty in wheedling out what the patient might like. Here, too, they determine what's amiss with the product and the sales mount. So much money is spent on advertising that many products take testing and experimentation before they are even put on the market. I find food kitchens in many large establishments.

One product was advertised for years as a soup before Mrs. Christine Frederick, food expert and pioneer woman advertiser, began to handle it and discovered its use as a sauce. Men make the best plumbers but through investigations sinks were lowered so that women don't need stilts to wash the dishes.

Of 24,000,000 homes in the United States 17,000,000 have to be brought "up-to-date," a problem which may well keep women in advertising.

Of course, it would not be fair to expatiate on women's fitness for advertising without touching on the problems

they present to their employers. None with whom I spoke questioned their ability for the work. One president of an agency based his prejudice against employing women on their temperament. You can't "call" them, he said, and they cling to their pet ideas as savages to their superstitions.

Another obstacle they present is their impermanence. Stories were told me of women whose husbands got attractive offers in other cities just when a greater opportunity was being opened to them. One aspect of this impermanence is that women frequently come into advertising to write copy or do a special job instead of, as employers would have it, to learn the business.

Linking Home and Career

AS much emphasis may be attached to these disadvantages of employing women in advertising as the reader sees fit. I merely want to add that I came across some interesting evidence on the compatibility of a home and a career in advertising.

The only woman who directs the advertising of a department store in New York City, Estelle Hamburger, has a home and young twins. The woman who is a good executive, in her opinion, can be both mother and advertising director; the woman who is not a good executive cannot run her home or an advertising department.

The ethics of the combination of a home and a career cannot be settled here. I met one important advertising woman whose child was at the time in bed with the flu and under the care of a trained nurse. Of course, she was anxious about him, but, then, so was her husband, and he was doing his day's work.

In another advertising department I found a successful woman who regards her baby, not as an obstacle to her career, but as an inspiration. Success in advertising, to her mind, requires breadth of interest and the baby opened up a new field hitherto unknown.

For one of her ads she found out how many babies were expected to be born during the coming week—there is an average—and addressed her copy to them.

Many women, she said, have more than one interest anyhow—their home and bridge, their home and social service, their home and society. A home and advertising merely entail the elimination of other interests while the children are little.

Pertinent to this question is the attitude of a man who directs the advertising of one of New York's most popular department stores. He employs only women as copy-writers—so superior does he think them!—pays them between \$50 and \$250 a week, prefers them to be 30 and mature rather than 20, and to run a house so that they may better appeal to other women who do.

STRUCTURAL STEEL CREATED THE SKYSCRAPER



A Miracle of Metal



A LATTICED tower thrusts its web against the city sky. Quickly it grows . . . up, upward . . . metal-ribbed, secure. Suddenly there stands a high, graceful spire rooted to a tiny city plot. Whence came the strength to grow so tall, to house so much, to become so great, on so little? . . . *steel!*

Structural steel not only provides a better building and earlier occupancy, it also makes possible larger

interiors for practically any type of structure, large or small. It occupies less space per unit of strength, allows larger floor areas.

Steel has great adaptability. A steel structure can be altered, remodeled, extended, removed faster and with less expense than any other type of building. Obsolescence can be postponed and returns extended for a longer time. Whatever you build, investigate steel.

AMERICAN INSTITUTE OF STEEL CONSTRUCTION, INC.

To further an understanding of the many advantages of structural steel in construction, the American Institute has prepared a series of non-technical pamphlets covering practically every kind of structure. Let us send you gratis pamphlet devoted to the type of building you are interested in. Your request will bring it promptly. Write today.

STEEL
INSURES STRENGTH
AND SECURITY

The co-operative non-profit service organization of the structural steel industry of the United States and Canada. Correspondence is invited. 200 Madison Avenue, New York City. District offices in New York, Worcester, Philadelphia, Birmingham, Cleveland, Chicago, Milwaukee, St. Louis, Topeka, Dallas and San Francisco.

"DEALER POLICY of many REMINISCENT ... says JAMES DALTON

Below we quote outstanding statements from Mr. Dalton's article—statements which, it would seem, may cause deep thought on the part of dealers and a closer analysis of their relationship with the manufacturer.

- 1 "Notwithstanding all the 'clean-up' sales in the closing months of last year, when new cars were unloaded at heavy discounts, the carry-over from 1928 into 1929 was in excess of 600,000, or 150,000 more than from 1927 to 1928."
- 2 "And, let it be said, sad as the saying may be, that the brutality with which the lash was applied to dealers by some of the large production factories in getting rid of old stocks was decidedly reminiscent of the dark ages of the industry."
- 3 "District managers of one of the big companies were sent into the field to sell dealers as many cars as they would take. After that was done and the shipments had been accepted, other shipments were made, without orders and wholly without dealer sanction, with at least a hint that dealers who did not unload these cars would have their contracts cancelled."
- 4 "When all these cars were in the hands of the selling organization, factory representatives went out with full page advertisements which dealers were persuaded to sign and which were run at factory expense, announcing a 20 per cent price reduction. The copy made it appear that this was merely a 'clean-up' cut made by the dealers themselves and that the factory list had not been reduced. Some justification might have been found for this 'forcible feeding' if dealers had been protected on the price cut, but they were not. After forcing the sharp reduction upon them the factory did not rebate them a single penny."
- 5 "Many a dealer, who had struggled through the first nine months of the year with a profit margin which he hoped would carry him through the year with a reasonable net, saw that hypothetical profit wiped out and turned into a loss by the operations of the last three months when he had to sell new cars without sufficient profit to cover his overhead to say nothing of the losses he had to accept on used cars to get rid of his stocks."
- 6 "Dealers who have been in business for years go as far as to say that the ruthlessness of factory dictation last fall never had been exceeded even if it had been equalled."
- 7 "It is not surprising, therefore, that dealer discontent is running at full tide. Some of the major producers are entering the most intensely competitive year ever recorded with sullen, unenthusiastic selling organizations when their field forces should be cheerful and optimistic if they are to hold their own."

Regardless of what policies may or may not be followed by other manufacturers, Reo has consistently offered its dealer organization sound, *constructive* sales counsel. Here are facts on Reo's dealer attitude.

- 1 Reo dealers carried over *no* obsolete vehicles into 1929. At the same time their stocks of new, current, salable merchandise carried over from 1928 into 1929 was the smallest in years.
- 2 Reo doesn't apply the lash—because Reo doesn't have to. The lash is the inevitable result of over-production; and since Reo scientifically gears its production to the legitimate—not "forced"—demand for Reo products, there is no occasion whatever for the use of the lash, or any similar weapon.
- 3 Reo never ships cars that haven't been ordered. For a full exposition of Reo's policy with respect to forcing—or even *urging*—dealers to buy, see the accompanying letter, written to Distributors and Dealers under date of January 16th.
- 4 Reo has a comprehensive and liberal policy for protecting Distributors and Dealers against price reduction on stocks on hand.
- 5 Reo Distributors and Dealers have a twelve-months-a-year franchise:

First, because Reo has no overproduction to be dumped onto the Dealers in the closing months of the year.

Second, because the evenness of the year's business on the world-renowned Speed Wagon line—now made even more attractive by the installation of the Gold Crown Engine—gives Reo dealers a steadier flow of business throughout the year than can be obtained on pleasure cars alone.
- 6 Reo's policy toward Distributors and Dealers, always recognized throughout the industry as a model of liberality and fairness, has been still further liberalized with the adoption of the merchandising policy: "Help them (the Distributors and Dealers) to sell, and they'll have to buy."
- 7 Reo's Distributors and Dealers, always intensely loyal, were never better satisfied, or more optimistic, or more enthusiastic than they are today. And Reo's "turnover" of Distributors and Dealers, like Reo's labor turnover in the plant, has always been so small as to be negligible. The reason for this is that Reo deals fairly with its field organization; and Reo Distributors and Dealers make money. Aren't you ready to come in?

Automobile Manufacturers of the DARK AGES"

in FEBRUARY, 1929, issue of MOTOR

On January 16th, 1929, Reo sent the following letter to its entire sales organization. This letter is a typical product of Reo's 20 years conviction that sound, profitable business can be gained only by working closely with its dealer organization. By giving its dealers logical, constructive advice on buying and helping them to sell instead of forcing cars on them. By building its dealers into prosperous merchants. Read this letter:

"WATCH your inventory and keep it on a fast-turnover basis!

"Automobile dealers the country over have learned, in recent years, what Reo has always known and always preached—that they can't make money if they are continually overstocked. For if they are overstocked they can't "turnover" their stocks a sufficient number of times each year to enable them to make money.

"And even Reo Distributors and Dealers, who have always handled their inventories much more intelligently than the rank and file of automobile dealers generally—possibly for the very good reason that the Reo Motor Car Company has never compelled or even urged its dealers to overstock—are now buying with a more scientific regard for turnover possibilities than ever before.

"There are undeniably many times when a heavy inventory is the most expensive luxury any automobile dealer can afford. As, for example, during a period of falling prices—unless, of course, he is protected against decline by the manufacturer; or at a period of the year when the peak buying is over, and a seasonal decline in sales is imminent; or when general business conditions indicate that sales will be below normal; or

when new models are in the more or less immediate offing.

"Those are the caution-signals—the indications that point to the necessity for sound conservatism in buying and for the reduction of inventories to a minimum.

"Then there are other times.

"Times when a light inventory is an expensive luxury, and a moderately heavy inventory is the most profitable investment an automobile dealer can make.

"Forexample: when we are in a period of rising prices—giving the dealer the opportunity to get the benefit of the appreciation in prices of his entire inventory; in a period when the aggregate retail demand is in excess of the manufacturer's capacity to produce; or at a time when, either because of the approach of a peak buying season or because of a prospect of abnormally brisk sales, it is indicated that for a given period in the relatively near future it will be impossible for him to obtain automobiles from the manufacturer as rapidly as he can sell them.

"In other words, there are certain times when interest, storage and insurance charges are important; there are other times when those items, by comparison with the profits that can be made by having the cars to deliver at the time they are wanted, are entirely unimportant.

"It will be our policy to assist our Distributors and Dealers, so far as we are able, to buy intelligently and scientifically.

"It will be our policy, from time to time, to point out to you what seem to us to be the factors that should control your buying at those particular times. *We shall not urge you to take automobiles, in excess of your actual current requirements, whenever in our judgment the situation in the near future is not going to make such a course profitable for you; on the contrary, in such cases, we shall frankly urge you to reduce your inventories to a basis consistent with the immediate turnover possibilities.*

"And, on the other hand, when on the basis of the best information we can get we see a strong probability of a shortage, we shall tell you so just as frankly—in order that, if possible, both you and we may be saved the disappointing experience of obtaining business that we cannot deliver.

"The point we are trying to make is that we are interested in intelligent and scientific buying by our Distributors and Dealers, irrespective of whether at any given time it means more buying or less buying.

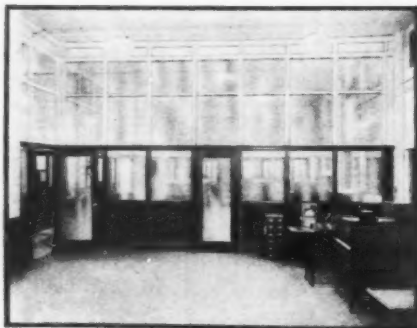
Car Dealers and Distributors: Write for "Letters of an Automobile Sales Manager to his Dealers and Distributors." Sent free on request. Complete information on the advantages of the Reo franchise will also be sent on request. All inquiries treated as confidential.

Address: **REO MOTOR CAR CO., LANSING, MICH.**

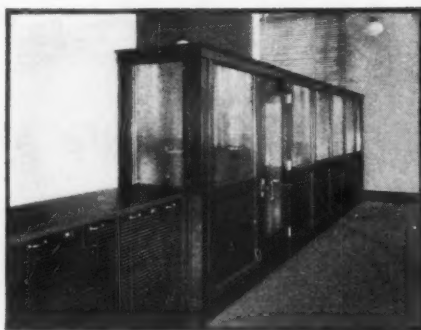
PARTITIONS BY DAHLSTROM



Restless, ever-changing modern business with its overnight expansion, its many specialized departments, has completely revolutionized office planning and layout. Dahlstrom Standard Steel Partitions are especially designed to meet these constantly changing conditions. Completely in-



terchangeable as to sections, flexible as to division, Dahlstrom Partitions can be adapted to meet every requirement of modern office practice... fit any need. Nor are these qualities at the sacrifice of strength and rigidity. The sturdy construction of Dahlstrom Standard Steel Partitions, embodying the experiences of an outstanding quarter century of Hollow Metal Construction, gives added years of service... lessened upkeep costs. May we send you "Standard Steel Partition by Dahlstrom" which shows in detail the superior points of Dahlstrom Partitions.



terchangeable as to sections, flexible as to division, Dahlstrom Partitions can be adapted to meet every requirement of modern office practice... fit any need. Nor are these qualities at the sacrifice of strength and



DAHLSTROM METALLIC DOOR CO.
416 BUFFALO STREET . JAMESTOWN, N. Y.

(ESTABLISHED 1904)

NEW YORK CHICAGO DETROIT
DALLAS SEATTLE HOUSTON
LOS ANGELES PHILADELPHIA

Why Sell Your Good Will?

By DAN SCOATES

HERE is a complaint that I trust will prove interesting because it comes from the man way down the line—the customer—the fellow that finally pays all the bills if they are paid at all. Sometimes he doesn't pay and then the stockholder pays.

This all has to do with a small boy who has grown in the past few years until he is no longer small but still is a boy and sees things in the boy's light.

A few years ago, we—the good wife and myself—got this boy a little wagon for Christmas. It wasn't an elaborate affair but it was a well built toy that he could haul his friends around in and be pulled in for a ride. It served its purpose in good shape, but like all good wagons after due time, got wobbly. One of the wheels gave away in the hub.

So I said to son, "Well, that can't be fixed."

"Yes it can, that wagon is guaranteed. It's a good wagon."

He went upstairs to his room and dug up a certificate of guarantee that came with the wagon. He read it to me.

"Now I am going to write them and tell them about it, and they will send me a new piece."

Such is the faith of a small boy.

The next morning he gave me a letter addressed to the firm that makes this kind of toys. I was interested to know what the result would be. Would this manufacturer tell the boy nothing doing or would he seize the opportunity to do some effective advertising.

In about a week the new part came.

Son immediately said, "What did I tell you, dad?"

A Piece of Good Advertising

THAT manufacturer was written indelibly in the mind of this boy as a square shooter. It was good advertising.

The boy grew. This last Christmas we wanted to get him something especially nice because we will not buy him toys many more Christmases.

We decided that he would like a wood turning lathe, saw and all the trimmings that go with it, run by an electric motor.

We bought a well advertised machine, made by a well known manufacturer, and got it through the local hardware dealer.

The machine came. The boy got it on Christmas and was tickled pink.

Fine. Then he set it up and got it running, only to find that it was not true. Son was terribly put out but he took it in good spirit. I was going to Dallas the

next week and he asked me to take the faulty part to the factory branch house there and ask them to replace it.

I took it to Dallas and carried it to the branch house. The man there agreed to send it in to the factory for me. I told him that it was a new machine and I did not want any of this pay the express charges stuff. It was the manufacturer's fault and he should take care of it.

The Part Arrives Collect

NOTHING was heard from it for a couple of weeks. Finally I wrote the branch and they wrote the factory. The part came. It came express charges collect, \$1.34.

How much do you suppose that manufacturer spent in advertising to get son and me sold on his product? Ask him. I'll bet he will throw out his chest and tell you how many hundreds of thousands he is spending in advertising.

He made a customer out of us and now he sells his good will for \$1.34, as far as we are concerned.

I just couldn't believe that a big national manufacturer would sell good customers so cheaply.

I wrote a letter directly to the president of the concern. I didn't want any buck passing. Maybe I was wrong, but I wanted to know the policy of this concern.

I got a nice letter back. It seemed that the president had a son and they had Christmas up in their part of the country and he knew just how the whole thing must have upset our young man. The letter was a fine dissertation along that line. It was a fine letter of condolence—perfect. But—

There must be matters of policy and laws laid down and it was wrong for me to handle this matter myself; I should have taken it to the dealer of whom I purchased it and got him to send it in and he would have paid the express.

The letter winds up with "again wishing to express my regret" etc.

So far so good. I haven't asked the dealer for the \$1.34 and I am not going to because I have my money's worth. This manufacturer sold me his real reputation at that price and I felt that I got a bargain because it just happens that we need some wood working machinery for our shop and, well, you see how I feel.

Now, from the merchant's standpoint. While I don't know for sure, I'm fairly certain this manufacturer allows the retail dealer somewhere around 30 per cent on this type of machine. The dealer has to pay the freight out of this, take care of his cost of doing business and in the case of this manufacturer, pay the express on any bum goods sent him.

Well, let's see about the profit this dealer can make on that long discount. The dealer cannot charge more than list because the resale price is advertised. According to the information gathered by the National Retail Hardware Associa-

—UTILITIES— INDUSTRIALS

Organization

Financing

Design

Construction

Management

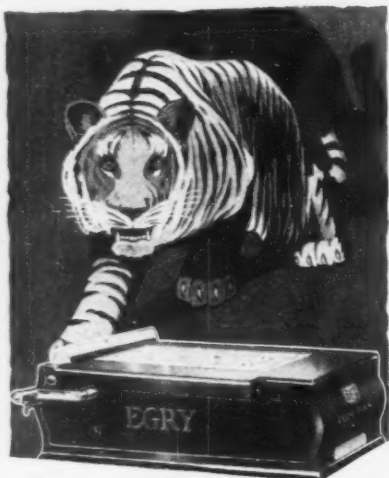
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When writing please mention Nation's Business

tion for 1927, the latest figures available, a dealer in a town of from 3,500 to 10,000 doing a business of from \$60,000 to \$100,000 has a cost of doing business of 20.83 per cent.

Then the dealer from whom I have purchased this machine must have a cost of about that amount. I asked the dealer the amount of the freight bill on this item. He told me and I figured that it was 4 per cent of the sales price. So that brings the dealer's cost on this item up to about 25 per cent. If the manufacturer gave him 30 per cent he is still 5 per cent to the good.

But, now I come in the store with part of the machine and tell him the manufacturer has not done a good job. He must ship it back to the factory. The express company now gets part of that 5 per cent profit—perhaps all of it.

Then they tell us that the retail merchant is the weakest link in the chain of distribution. Who could stay in business on that basis?

Now let's see about the boy. He is thor-

oughly disgusted. When that boy gets through college he may be in a position to tell someone what machinery to buy. Will he advise this kind?

Where Good Will Counts Most

BUT that isn't all. Boys talk over their problems and troubles with other boys. This boy is in a manual training class with 30 other boys. How reputations are made and unmade by these boys!

If I were a manufacturer of things that had to do with boys I would do all I could to make every boy feel that I was shooting square with him. How different the attitude of the two manufacturers this boy has had experience with!

Why should the manufacturer who sends out defective workmanship expect the dealer who handles the goods to take care of the expense? It's the manufacturer's fault, why not walk up and take his medicine like a man, make good and have the dealer as well as the customer feeling right about the situation?

A Chamber Outdoes Politics

MISSOURI business men have their full share of the "show me" spirit that has made their state and its inhabitants famous. Witness a case in point.

In 1927 during the fifty-fourth session of the Missouri legislature an instrument known as the Ralph Sewer Law was passed. It authorized the organization and incorporation of sewer districts in communities of 7,500 or more population. Any 100 property owners in such a district could organize and petition the circuit court for incorporation, the court then being required to set a date for a hearing on the petition, advertise at least twice and hear objections, if any.

If there developed no preponderance of evidence in opposition the petition was to be granted, a *proforma* decree of incorporation issued, and the court was to appoint three supervisors for the sewer district from among the resident property owners. These supervisors were then to hire a secretary-treasurer, an engineer and an attorney who were to work out a sewer plan, determine its feasibility and cost and to submit their findings to the court.

The court was then to advertise again for objections and, if sufficient cause was not produced against the plan, appoint three commissioners to assess benefits and damages. These steps having been taken the court was to authorize the supervisors to levy the necessary taxes, to immediately begin construction, to issue bonds to cover cost of the work, and to submit reports annually to the said circuit court for approval and record.

Under this law several districts were or-

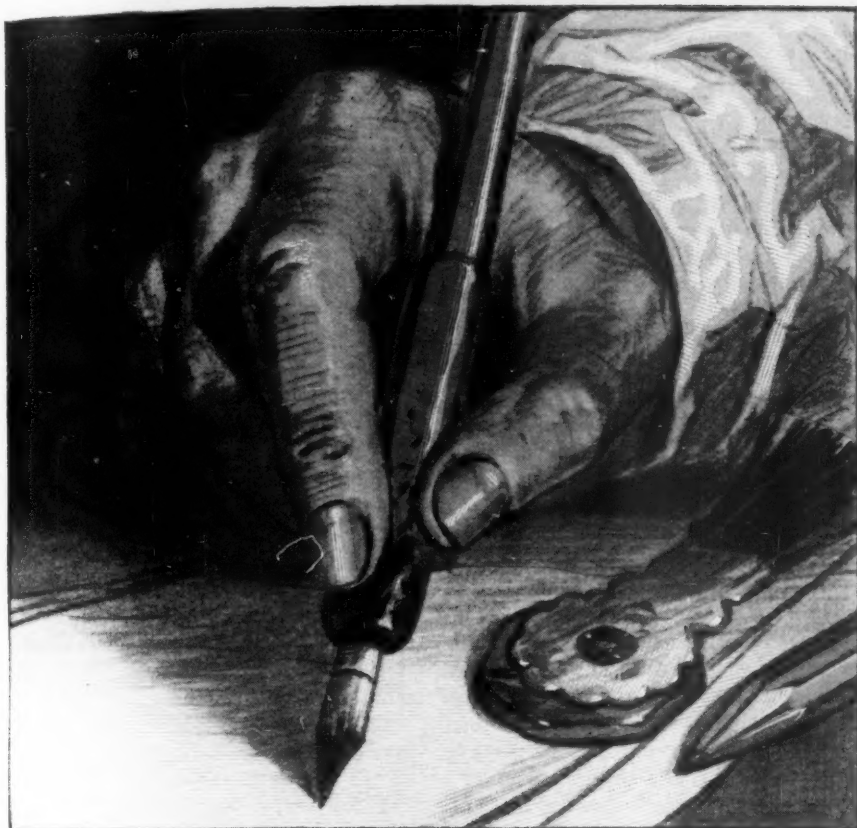
ganized and incorporated and plans were prepared and submitted.

Then, just when the law was functioning smoothly, some politically inclined persons got together and offered amendments to the measure. These amendments, which purported to protect and safeguard the people against themselves, provided for submission of all proposals, plans and so forth to a special election before any sewers were constructed.

At this juncture the business men, through the agency of the Wellston Chamber of Commerce, took a hand in the proceedings. The Chamber, which had been instrumental in having the Ralph Law passed, gathered a delegation and appeared before the legislative committee which was considering the amendments.

The proponents of the politically inspired amendments plead their case. Then the engineers, lawyers, and the spokesman of the Wellston Chamber of Commerce took the floor. They defined the propriety of paying proper specialists for special and technical constructive work. They reviewed the fact that special elections cost money and could not add any value to the construction work in hand. They pointed out that in almost every politically controlled work so-called "deficiency appropriations" were required to cover the increased costs. They concluded with the declaration that honesty and integrity did not depend upon special elections.

The legislative committee returned the politically inspired amendments, without favorable action, to the politicians who had fathered them. Business had won over Politics.—HERMAN A. FINKE.



"human element" what is it costing your business?

CARELESSNESS is a human trait that can never be eliminated from business. But it can be *minimized*. Costly mistakes, inevitable with pen and pencil methods, are impossible when Addressographs are used to write modern business forms. The entire day's business is speeded up — things are done on time — expenses are reduced — profits are increased.

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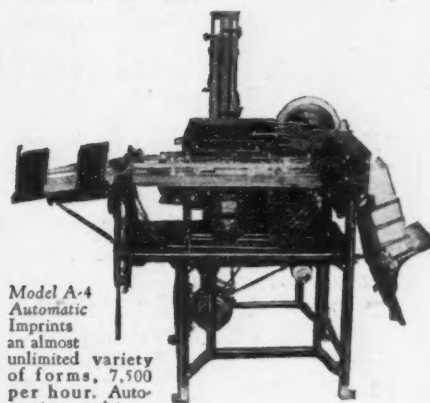
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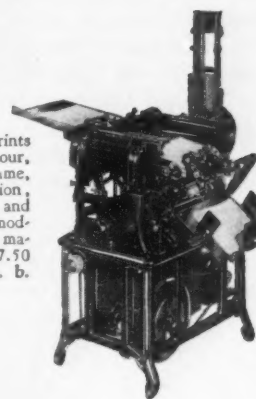
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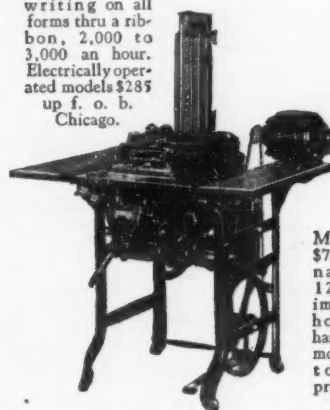


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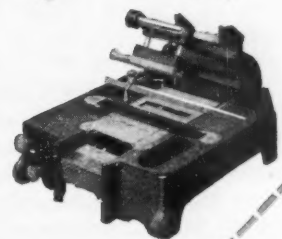
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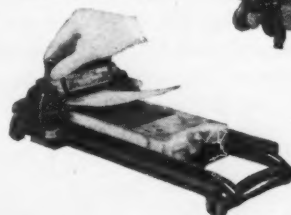
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Business Is Not So Easy

A general storekeeper takes issue with Fred W. Shibley

IN NATION'S BUSINESS for March, Fred W. Shibley, vice president of the Bankers' Trust Company of New York, writes that "it is easy to make business pay" and gives advice to the general storekeeper.

I spent several years running such a store and, while I make no claims to any outstanding achievement, I left behind a record of fair success. I believe Mr. Shibley's advice and the premises on which he bases his argument to be faulty.

Let us analyze some of his statements and point out their weaknesses.

We find the proposition that "the larger number of failures result from lack of judgment and improper understanding of the principles that govern business."

This is a cause in some instances, there can be no doubt, and a contributing cause in many others. But to discard from the picture all the hazards threatening business on every side is to show little understanding of the situation.

Suppose, for instance, an earthquake should strike New York City, or a fleet of airplanes should bomb and destroy the city. Just how would a display of judgment by a business man avoid the calamity? A little overdrawn, perhaps, but the reader can illustrate the point in a hundred different ways for himself.

A Period of Great Change

WE are going through a great economic change in business today. We always are as a matter of fact. Life itself is a series of constant changes, and the problem of the individual is one of constant adjustment to a life of change, economically, socially, and spiritually.

The central idea of Mr. Shibley's article is that the business man who would succeed must study his markets and endeavor to meet the requirements of those markets. In this connection Mr. Shibley makes the sweeping statement, "These are the A.B.C. principles of business economics and from the first sandal maker to the International Shoe Co., no man has ever made an enduring success in the footwear business, or any other, unless he first applied these principles."

It's a far cry from the first sandal maker to the International Shoe Company. I wonder if Mr. Shibley knows just what the shoe retailer's problem is today. Take for example the department-store and chain-store encroachment on the small dealer in shoes or in almost anything you might name today.

Large command of capital and central

organization of management enable chain stores, mail-order houses and large corporation retail stores to sell to the public at prices often lower than the small merchant must pay to wholesalers.

Mr. Shibley makes no mention of these changes in our business life today. They are facts to be reckoned with. They must be met squarely. If they have value and are economically sound—and I have a growing suspicion they are—they will live out their usefulness in their turn.

The Retail Man's Future

WE are on the threshold of big mergers of industrial organization. There is no lack of evidence that the small retail man of the future must either go out of business for himself and find his place in the new machinery of retail control on a salary basis or be able to increase his capital to a point where he can in some measure combat the competitive forces of big scale retail business.

To illustrate the need of studying your markets Mr. Shibley relates his "log chain" incident. I believe this is unfair to the village general store merchant.

What general store merchant fails to accumulate through the years a few articles of out-of-date or slow-moving merchandise? The best merchants I know have such articles. But what proportion do these articles bear to the entire stock or to the volume of business? This much harped on phase of merchandising is mostly in the minds of writers and seldom is much of a factor toward failure.

Mr. Shibley suggests that the merchant should spend at least a month in the Winter visiting the potential buyers of his district in his automobile to ascertain their needs for the coming Spring; and then to stock up to meet these needs. Let us analyze this suggestion and see just how it would work out in practice.

In a great many parts of the country the winter sales of clothing, underwear, footwear, mittens, and caps are the best and most profitable part of a merchant's business. Why should he neglect this business he already has to seek a doubtful business of the future?

Suppose he goes out into his farming district and finds out John Jones is going to buy a plow and Jim Brown a new harness! What assurance has he that these men will buy from him?

The women may discuss the styles with him and tell him their preferences in wearing apparel, but when they get ready to buy they are likely to go to the nearest large center where they will find a greater

range of styles and where they are likely to be able to buy cheaper. Good roads and automobiles are far greater factors in taking trade from the merchant in small places to the larger centers than in helping him go out and get trade.

Carried out to a logical conclusion the result of Mr. Shibley's proposed visit to potential buyers would be a great overstocking of the store. Then, if the expected buying orgy did not materialize, the amount of capital tied up would be as a mountain to a mole hill in comparison to the chain episode.

In conclusion, I want to reply to the assertion, "There is no question that if this general storekeeper would apply the same primary economic principles to his business that General Motors Corporation applies to its great enterprise, he could be in a degree as successful."

There is absolutely no analogy between the general storekeeper and the General Motors Corporation. One creates goods and sells them. The other buys and sells goods. The manufacturer sells to the middleman or dealer while the merchant sells to the ultimate consumer. The very act of manufacturing automobiles creates a certain amount of demand for them.

Furthermore a corporation capitalized at billions of dollars is in no way comparable with a small general storekeeper. The storekeeper must sell directly to a shopping consumer. Often he must extend a more or less heavy credit. He is in strong competition with his brother storekeeper. He is in stronger competition with the chain stores, large manufacturing corporations who also control the retail stores of their product, and mail-order houses.

Consider the Tire Business

IF Mr. Shibley thinks this is nonsense, I refer him to the survey of business conditions in the February number of the NATION'S BUSINESS.

I happen to be in the tire business at present. I ask Mr. Shibley to investigate what is going on in that field. Witness the merger of the Goodyear, the United States and the Seiberling Rubber Companies. Already the leading tire companies own, control and operate a chain of retail stores. The day of the small dealer in this field is near an end.

If my analysis of the retail business situation is incorrect I should appreciate being set right. But I am sure that the facts bear out my contention and we cannot shut their eyes to the real situation and urge an impossible theory. It won't work.

—By F. J. LAWRENCE.

How Aviation Speeds Business

By ARNOLD H. EXO

National Air Transport, Inc., Chicago

BUSINESS saved \$19,812.69 in interest in 83 business days in April, May, June and July last year by sending cancelled checks by air mail from Cleveland to Chicago. Air-mail postage on these checks was \$1,900, according to the Federal Reserve Bank of New York, which provided these figures—a small enough investment for the benefit received.

This is one of the ways 100-miles-an-hour air transportation is proving a valuable asset to business. There are many others:

A sales manager, by spending three cents more per letter for air-mail transportation, obtained 700 per cent greater returns on a circular letter than on letters sent out in the regular manner. A large department store sold out a huge stock of women's ready-to-wear in a few hours after sending out announcements by air mail.

A yacht broker has already sold nearly a half million dollars' worth of yachts and expects his total sales to be more than a million dollars when all leads are finally followed up. He estimates the cost of his air-mail campaign at considerably less than one per cent.

Motion-picture studios rush new pictures to the East by air express almost exclusively. Business executives now accomplish in one business day what formerly required four days when visiting branch offices and distant clients. Merchants are getting rush shipments faster than ever before.

The Public's Changing View

AND the public is rapidly correcting its impression that air travel is a hazardous adventure. Passenger traffic is increasing by leaps and bounds as more and more persons learn that 100-miles-an-hour transportation is safe and reliable.

In January, National Air Transport's planes flew 179,995 miles without a forced landing due to mechanical causes. This company started operations May 12, 1926, and, by April 1, this year, its planes had flown 4,397,348 miles, equal to more than 176 times around the earth at the equator, without the slightest injury of any kind to a passenger. This mileage was not flown only in sunshiny, daylight hours, but through 24 hours a day, 365 days a year.

Other companies can quote similar figures and these records are not luck. All flying equipment is regularly examined by government inspectors who are empowered to withdraw the license issued to the



Insurance is the Red Cross of Business

Flood or earthquake, famine, fire—no matter what the call—the Red Cross is ready with experience, personnel and money—to meet emergencies. *You* gave that money—you and your neighbors across the continent. *You* gave it as a contribution to society—to relieve human suffering.

Insurance is the Red Cross of Business.

Here, too, experience, organization, and money are ready to safeguard values—to protect man against financial loss. Here, too, *you* gave the money—in insurance premiums—to relieve property owners, yourself as well as your neighbors, from the burden of loss.

So insurance is more than a business. It is a vital factor in our economic and social structure. It is a humanizing

influence that links all business men together. Through this medium you become associated with every other premium payer for common protection.

Every loss is a serious matter, for it will be paid from the funds to which all have contributed. Insurance companies are constantly investigating—proving—for the sole reason of safe-guarding those funds. *We must not* pay an "arson" claim, for example, for that would be an unjust burden on the honest insured.

Here at the Agricultural, we see insurance as a public trust. Our records, investments, and routine operations are planned to give the greatest protection to the funds which stand between you and financial loss. At the same time it is our sincere effort to eliminate delay so that you may be reimbursed promptly.

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400,000 SQUARE MILES OF PLAYGROUND

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planes. Pilots are licensed and examined every six months as to their physical fitness. Mechanics who check the planes after every run are required to take periodic examinations to determine their ability. Ships are inspected and adjusted after every trip.

The airplane as a transportation medium is an established fact, with 21,253 miles of airways spanning the country from the Atlantic to the Pacific and from the Great Lakes to the Gulf.

This tremendous development has been reached only a quarter of a century since the Wrights made their first flight at Kitty Hawk, and ten years after the first air line was established in this country. Allowing for lapses of time when little was done to promote air travel, the air mail is but eight years old.

The First Air-Mail Line

THE Post Office Department established the first such line in this country between New York and Washington in 1918. It was found, however, that the distance between these points was too short to achieve any decided advantage and service was soon discontinued.

In 1920 air-mail service was begun between New York and San Francisco, using planes by day and trains at night. This was changed to an all-air route in 1924 when installation of airway lights made night flying possible.

In 1925 Congress passed a law providing for private operation of air-mail routes under contracts with the Post Office Department and, in a little more than three years, 35 air transport companies have been organized. Today these companies are flying more than 56,342 miles every 24 hours, delivering mail, express and passengers in San Francisco 31 hours after leaving New York and at corresponding speed between other points throughout the United States.

An Unfair Comparison

DESPITE this tremendous growth many persons insist on making disparaging comparisons of air travel in this country and in Europe. These critics lose sight of the fact that virtually every air transport operator in Europe receives a heavy government subsidy which guarantees him a fixed percentage of profit above all expenses. Such a comparison of European and United States air transportation conditions is, of course, wholly unfair to American operators. These operators must earn their own way or else stop operating their planes.

The development in this country, however, is more sound in the long run because it is healthy and will eventually mean a system of aerial transportation unequalled anywhere, with fares and rates closely comparable to those of present accepted modes of travel.

The following table shows how air

transportation in this country and Europe compared in 1927:

	United States	Europe ¹
Number of routes.....	23	123
Miles of airways.....	9,028	33,191
Miles of lighted airways	5,872	0
Passengers carried.....	8,572	197,671
Mail carried (pounds).....	1,654,165	2,599,986
Express and freight carried (pounds).....	2,261,507	7,713,841
Airplane miles flown.....	5,809,999	12,616,752

¹Includes the following countries—England, France, Germany, Italy, Netherlands, Austria, Denmark, Poland, Sweden and Switzerland.

It must be remembered that this comparison includes virtually all Europe as against the United States alone. Figures for individual foreign countries show the United States to be more than holding its own.

As an example, United States air-mail contractors carried 423,991 pounds of mail last September while the government subsidized and monopolized Deutsche Luft-Hansa, a consolidation of all German airways, and by far the most active in Europe, carried only 18,166 pounds of mail.

Speed is the keynote of today—the tool of modern man. It is made safe and reliable by efficient government inspection and organization. The United States business man, by generous patronage of this lusty infant of transportation, will make for exceedingly low fares and rates, while the patriotic citizen can do his bit by using his influence whenever possible in bettering the airport conditions in his own community.

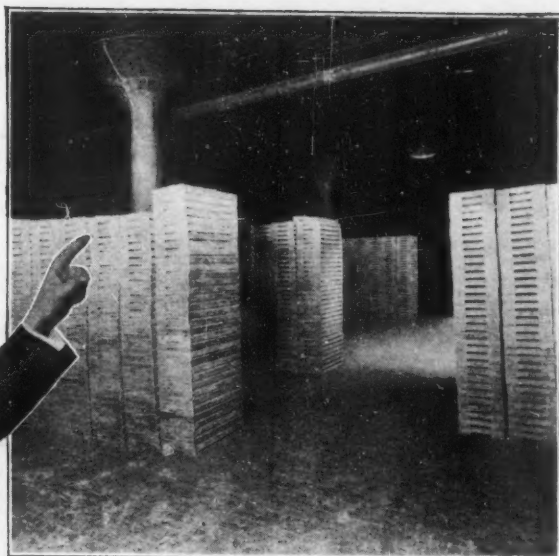
A Reviving Art?

THE head of an auditing company which specializes in the accounts of chain restaurants tells me that the restaurant business is becoming increasingly difficult. There appears to be a movement back to the home kitchen.

Thousands of people have grown so tired of restaurant food that they are renting small housekeeping suites and doing their own cooking at least part of the time. They buy a considerable part of the food to be thus served from delicatessen shops, which are flourishing.

One reason why restaurant business seems to be falling off in certain localities is that they serve too many substitutes for *bona fide* food. For example, it is practically impossible to obtain pure maple syrup in a restaurant. Some restaurant patrons hold that even meat gravy always tastes alike, no matter what kind of meat it is on.

And as for pies—you yourself may have observed that some restaurant pies are built for durability while being shipped about the city from the central distributing point, rather than to appeal to the customer's palate.—F. C. K.



This enormous drying room was replaced by a Louisville Dryer which, though it required much less space, fuel and labor, produced dried material at exactly the same rate

"I can save you 4/5 of that space"

Asserted the Louisville Drying Engineer

"I can't see how that's possible," expostulated the manufacturer. "I'm already cramped for room in my drying department."

"You wouldn't be," said the L.D.E., "if you would install a Louisville Dryer. It would occupy only 20% of the space you now use and would prove more efficient in every way."

"How much so?" asked the manufacturer. "I'm pretty well satisfied with the results I'm getting now."

"Well," declared the L.D.E., "it would dry just twice as efficiently as your present method, thus halving your fuel expense. Secondly, as it requires only a single attendant, it would do away with six of the seven men you now have working here."

"That's amazing!" exclaimed the manufacturer. "But how do I know that a Louisville Dryer will do all you claim for it?"

"The answer to that question," said the L.D.E., "lies in my company's record of results. For forty years it has specialized in building dryers and up to now has satisfied more than a thousand manufacturers in fifty different industries."

"Being a trained drying engineer myself, I know from experience that our dryer will do everything I claim for it. But if my company's record and my own experience are not enough, we shall be glad to guarantee in writing the results which I have promised."

Regardless of the kind of drying process you now employ, it will pay you to consult with a Louisville Drying Engineer, either by mail or in person. Such a consultation costs nothing and involves no obligation, yet it may add many thousands of dollars to the profit side of your ledger.

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5 Ways to cut drying costs

- 1 The first way is to permit Louisville Drying Engineers to make a study of your drying problems. They will recommend a Louisville Dryer which will...
- 2 Cut fuel expense from one-third to one-half in many cases.
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Golfers!
 The
**SILVER
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is now

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\$10 a dozen

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Let's Standardize Names, Too

By S. F. TILLMAN

WORDS, since everyone has an unlimited supply of them, should be the cheapest tools of business. Frequently, however, they become the most expensive. Although it is difficult to estimate in dollars and cents the losses caused by misunderstandings, or efforts to avoid misunderstandings, those losses must be great as they involve voluminous correspondence, delays in distribution and constant exasperation.

Every business man has spent hours in efforts to convey information or instructions that could have been made in minutes except for the lack of a standard nomenclature of description.

Consider the increased efficiency in business if an article could be described in the same way by all manufacturers of that particular article whether on the east or west coast.

A Name Is Always the Same

THE United States Navy recognized the advantages of such a system before the World War and, in 1917, put into operation in its supply department a standard stock catalog embodying an exact description of every article in its stores.

Throughout the War, navy vessels and bases were able through this catalog to make known their needs and obtain equipment with certainty although operating 3,000 miles from sources of supply. The desired articles were requested by stock number and in emergency cabled for by code name, and the exact article was shipped, without misunderstanding or delay.

In the standard stock catalog articles are listed by classes. The items within each class are assigned standard nomenclature, listed in alphabetical arrangement, and each item is assigned a stock number and code word. These code words are alphabetically arranged throughout the catalog, so that supplies may be ordered by code word only.

The catalog tends to bring greater simplification and standardization of materials. It enables stock inventory to be taken frequently and accurately by fewer persons than usually employed for this purpose.

Successful use of the catalog by the Navy has caused the Chief Coordinator of the United States Government to consider the possibility of extending its use to the Federal Government service in general. The proposed "Federal Standard Stock Catalog" would be an extension of the Navy catalog and include items of standard stock used by all Government Departments.

With the Federal catalog in effect, the

Navy catalog would go out of existence, as there would be no need for any individual activity of the Government having its own catalog.

The Federal catalog is designed to list in orderly and classified arrangement all supplies regularly procured, stored, and issued by or for the various government departments, and to supply the information necessary for the procurement, storage and issue for every article.

The demonstrated need of a Standard Federal Stock Catalog leads to the belief that its usefulness could be extended to the commercial field and since industry has already manifested its interest in the project, the Chief Coordinator has arranged to have copies of the catalog, either complete or in sections, made available for sale through the Superintendent of Documents, Government Printing Office, as soon as possible after its printing is authorized by Congress.

As the assignment of nomenclature to the items comprised in the catalog would be based on a scientific system, it is believed that industry would welcome the catalog as a standard.

With a single standard of nomenclature in general use, transactions of individuals, firms, industries—both inside and outside their organizations—would become more efficient and economical.

A Sale Without Money

THE Chamber of Commerce of Storm Lake, Iowa, recently put on a novel trade-building campaign. Auction sales were held every week during the campaign. Only coupons could be used in the buying of articles at these auctions.

The coupons were given out, a dollar coupon for a dollar purchase, with every cash transaction made with the 42 merchants and two newspapers of the town. They were given also for the payment of bills.

At the auction a radio set, kitchen cabinet, washing machine, flour, coal, and other useful articles were sold to the highest bidders.

The Chamber of Commerce issued the auction coupons in its own name and conducted the sales. The cost of the articles offered was prorated among the merchants participating.

The sales were not only a success locally, but they extended Storm Lake's trading territory. Much money spent in the town during the sale periods came from farther away than usual.

Storm Lake and the Chamber of Commerce are now planning to make this auction sale an annual event.—W. L. H.



ManuFACTuring

In modern practice the emphasis is on FACT

THE word *manufacture* originally meant *made-by-hand*. In those days rule-of-thumb methods sufficed. Today, in this mass production age, the very speed of operation would result in uncontrollable losses but for the balance wheel of *fact*.

1 1 1

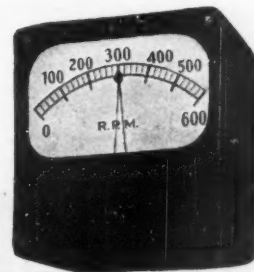
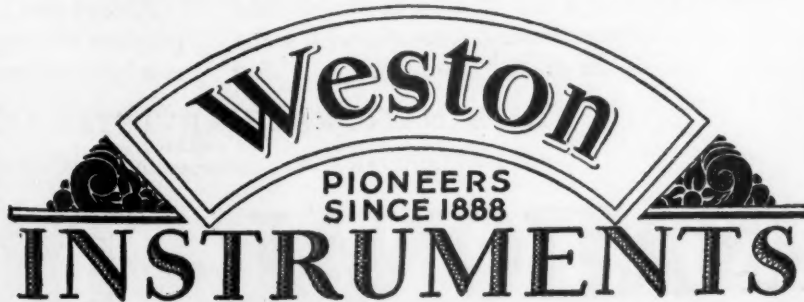
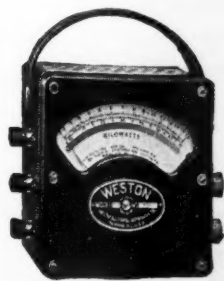
Take, for example, the selection and use of materials, or the fabrication and assembly of parts by quantity production methods—a grain of dross in one, or a hair's breadth from the true gauge in the other, and in a few hours the coefficient of speed would turn an increment of error into an avalanche of waste.

That's why research laboratories, expert analysts and business machines are cheap at any price. That's why executives in charge of factories where the use of electric power is a factor choose Weston measuring instruments to safeguard their electrical equipment and insure its continuous and efficient operation.

1 1 1

That's why electrical manufacturers of quality apparatus furnish "Westons" as an integral part of their products. Weston electrical instruments always give the biggest return on the investment. For more than forty years they have been the conceded standards the world over in the art of electrical measurement.

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Besides Heavy-Duty Trucks, the International line includes the $\frac{3}{4}$ -ton Special Delivery, the 1-ton Six-Speed Special, and Speed Trucks for $1\frac{1}{4}$, $1\frac{1}{2}$, and 2-ton loads. Backing the trucks is an unequalled service organization—there are now 172 Company-owned branches in the United States and Canada. Write for truck catalog.

Bear this in mind when you are looking toward Heavy-Duty Truck purchase and want the facts before you: Any Harvester branch or truck dealer will demonstrate an International for you at any time, right in your everyday work.

Whatever the nature of your hauling and your loads, we will put at your disposal an International of the size you need and let you compare its all-around performance with anything you are doing now or want to do.

Take that as the evidence of an *afternoon*, or a day or two, if longer time may be necessary. And take with it the evidence of the *twenty-five years* that

the Harvester Company has been building trucks to do a truck's work as it should be done.

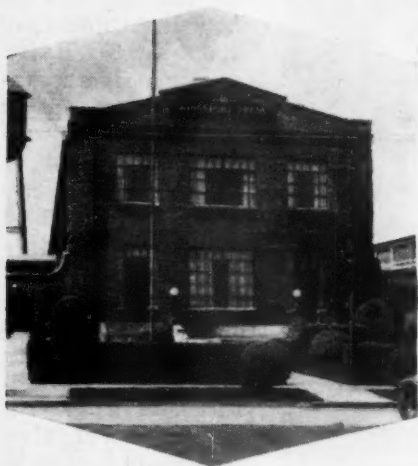
You owe it to your business to know this new International Heavy-Duty line with the new engines, new clutches, new transmissions, increased capacities, double reduction or chain final drive. All models have five speeds forward and two reverse, and 4-wheel brakes. The sizes range from $2\frac{1}{2}$ to 5-ton. Speed dump trucks, also, down to 1-ton capacity.

Accept our invitation to *prove* this product of twenty-five years of progress in truck manufacture.

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INTERNATIONAL TRUCKS

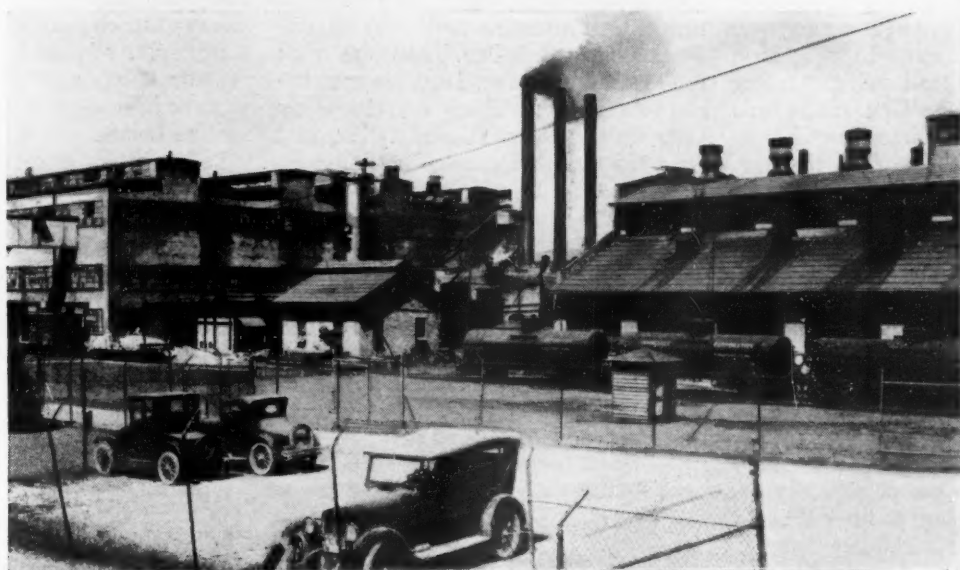
When buying an INTERNATIONAL TRUCK please mention Nation's Business to the dealer



The
Kingsport
Press

Keeping Main Street on the Map

By RALPH PARLETTE



The Eastman plant in Kingsport, Tenn., cuts production costs through its location there

ONE morning last week while I was sitting in a small town depot in southern Illinois, a woman and two children came in. She bought a ticket for Chicago. When I asked her if she lived in Chicago, she said, "No, we've always lived here, but my man has a job in Chicago and we're moving there. Nothing to do here any more. I wish we didn't have to go. It's bad for the children."

Several times our train that was taking her to Chicago took on families or parts of families at other small town stations. They were going to Chicago because there was work there. So the trains each day gather up people from the country districts and dump them into Chicago.

The trains running into New York, Detroit, or other cities are picking up the small town population and dumping it

into these great centers the same way. Meanwhile the small towns stagnate or shrivel and it is hard to get anybody to stay on the farms.

But why should we glory in the tumefaction of our cities? Skyscrapers, rents, taxes, wages, costs of living and crime all rise with the population. It is the quality of citizenship, not the crowd, that counts.

The Case of Kingsport

WHY not take the job to "her man" in the home town, instead of sending him to the city after it? Most things can be made far better in a small community than in a smoky, cluttered-up city.

I hope some potential leaders in hopeless home towns will read here what has happened in Kingsport, Tenn. Suppose you had gone into a sleepy little country

town ten years ago, just any one of the hundreds scattered over the map that are dying and drying up.

Then suppose that you should go back to that place today and find a beautiful city of many thousands, with paved streets, blocks of modern stores, avenues of beautiful homes, parks, schools, churches, and a forest of factory stacks!

That is exactly what happened to me in Kingsport, Tenn.!

What Kingsport is doing I believe hundreds of towns can do—with intelligent leadership. A leader with a vision is the most valuable asset in this world. Kingsport is giving an answer to today's question, "How meet the lure of the city?"

Ten years ago I visited Kingsport when it was a crossroads. I had to get off the train at Johnson City and drive perhaps 30 miles over abominable mud roads to

get there. Today I motored north from Johnson City the same 30 miles over a hard-surfaced highway, and came upon the city of Kingsport, laid out to be presently 50,000 population. The paved streets lead out in every direction from a central park that is the municipal hub over this 50,000 area.

It isn't all built as yet. There are many solidly built-up sections of residences here and there, with squares of clear, open meadow in between. There is a city business and civic center that is yet mainly meadow, but around it are full squares of completed structures.

The city is all zoned, and they are saving those open spaces in it for certain specified kinds of edifices. You can't build anywhere or anyhow in Kingsport. Most cities happen; then years later they spend millions razing buildings to get breathing spaces and straighten and widen streets. But Kingsport is being constructed from the start like a steel skyscraper according to the architect's plan. The harmonies are being preserved. There is a factory section. There is a business and commercial section, a wholesale section, and various residential districts, with parks, modern churches, schoolhouses and playgrounds, all set in a mosaic of landscape gardening.

"Why should we make the mistakes that other towns made?"

A big, round, smooth-faced man asked in a soft voice, "Why shouldn't everybody have a good place to live? Why shouldn't everybody's children have plenty of playgrounds? Why shouldn't everybody have a good job in a good place to work?"

A Practical Visionary

THERE wasn't any argument against it that I could think of. I have heard a thousand people say these things—kind-hearted dreamers, soap-boxers, parlor-pinks and cellar-reds. They generally are back on their rent and need new clothes and laundry. The visionary is quite different from the practical man with a vision.

I would have classed the smooth-faced mountaineer with the visionaries had he not been J. Fred Johnson, president of the Kingsport Improvement Corporation, and had he not been sitting in his office in a big administration building with many people coming to consult him. He heads the organization that has done this Aladdin-lamp job of



The story of this church typifies the Kingsport spirit

putting Kingsport on the map. He told me how the Clinchfield Railroad was built a few years ago from southwestern Virginia across the Appalachian Mountains southward to Spartanburg, S. C., to tap the long-neglected resources of this backwoods mountain region. It was a real engineering job, getting a railroad over this Appalachian mountain backbone. In one place the road wriggles through 13 tunnels in 12 miles, and the rails twist and squirm some dozen miles corkscrewing upward to get perhaps a mile of distance.

After the railroad was built, there was much coal to haul, but what could they haul

back in their empty cars? The promoters turned their attention to developing production along their line. The trains must run loaded both ways. Then two men began to think about Kingsport, the sleepy little crossroads, where James King had built the first iron furnace in Tennessee long before the Revolutionary War.

It was the headwaters port on the Holston River, where boats could start down to the Tennessee River, and thence on to the Mississippi. But it had slumbered moribund for more than a century. The railroads had followed the valleys and had established cities along their lines. Kingsport had been lost until the Clinchfield Railroad rediscovered it.

Gold had been discovered in Georgia

long before, and that is why the Cherokees had been rudely bundled off their reservations and pushed over west of the Mississippi into Oklahoma. These harried Scotch-Irish Presbyterians had rooted in the mountains and struggled to exist. It was that continual struggle through the centuries that developed all their strength and keenness.

Settlers in the Wilds

FROM Scotland to Ireland, from Ireland to the new colonies of the Atlantic Coast, they had fled, and everywhere there was persecution.

Then they took refuge in these mountain wilds, and grew up through the generations neglected by civilization and hostile to revenue agents.

These two men of the Clinchfield—John B. Dennis, a New York capitalist, and J. Fred Johnson—saw the gold mine of natural resources here—the raw materials of coal, timber, brick, stone and waterpower.

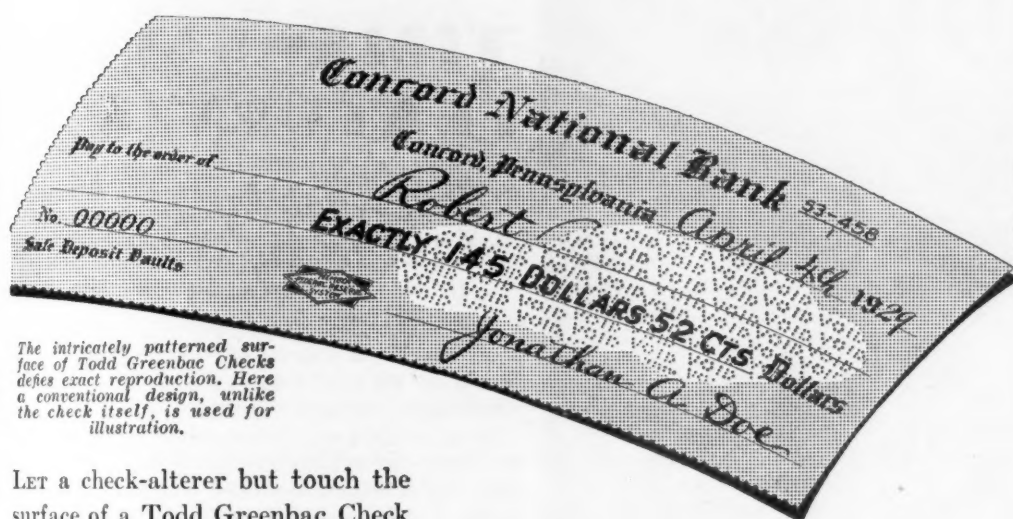
They saw in these mountaineers the human gold mine of high-grade labor. They have proved to be business missionaries and teachers by developing a manufacturing city at old Kingsport, and giving these long neglected people a chance to work in modern industries and live in modern homes.

Today in Kingsport books, silk, glass, hosiery, cement, brick, paper, leather and many other things are made by thousands of young and old people who came out of the mountain cabins and have never seen any other plants than those in Kingsport. They are independent, prosperous, enthusiastic, and instead of dulling down into the apathy of too many mill workers, they develop, if anything, too much initiative. If a machine breaks they are too likely to repair it



The Robert E. Lee Kindergarten, one of the five modern schools that have grown from the former one-room school with its 32 pupils and four-months term

When danger threatens "Void" this check cries



The intricately patterned surface of Todd Greenbac Checks defies exact reproduction. Here a conventional design, unlike the check itself, is used for illustration.



LET a check-alterer but touch the surface of a Todd Greenbac Check with acid or ink eradicator and out leap scores of impressions of "Void." The check cancels itself—destroys its value immediately when alteration is attempted. Every business issuing checks needs such defense for funds in transit.

Todd Greenbac Checks are widely used by banks and businesses as much for their attractive, business-like appearance as for the protection they provide. These handsome checks are prepared by a secret process involving the application of interlocking designs in several colors. In their intricate pattern are concealed more than a thousand

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Todd Greenbac Checks are the most personal of personalized currency. They are made only to individual order, never sold in blank sheets. Every step in their manufacture is carefully guarded—every sheet of Todd Greenbac paper is registered. Orders are delivered under seal to the customer.

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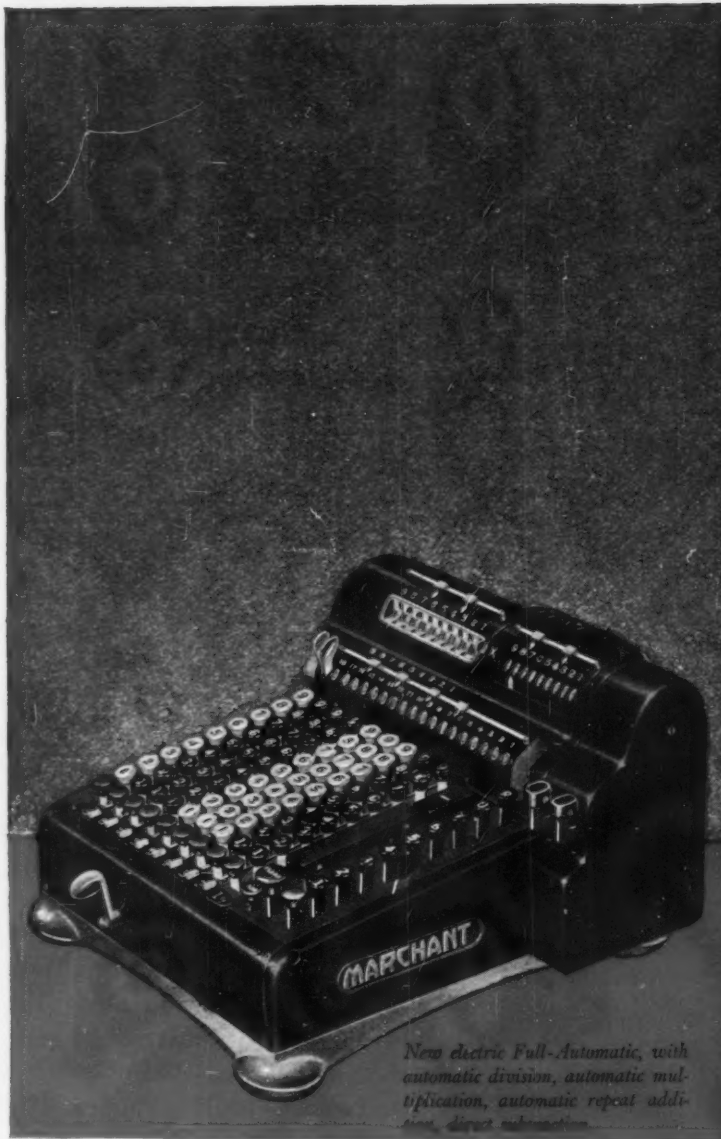


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WITH UNIQUE TIME-SAVING FEATURES....

Banks, for instance, figure interest in half the usual time

Bank interest, factory costs, payrolls, partial-payment plans, waybills, and scores of other problems, are figured in half the usual time on the Marchant,—because of its unique, time-saving features.

Its maximum carry-over capacity, electric-dial clearance, horizontal straight-line reading, and other features, make the Marchant supremely adaptable to "short-cutting."

No mental gymnastics. No special training required. Anyone can run a Marchant. You merely direct the machine—and write down the answers. Visible factors assure accuracy, without checking and rechecking.

The Marchant is the most advanced calculator in the world. It sets the standard.

If your organization does any figuring at all—even if you now have a calculator—you'll want a copy of "Eliminating Mental Work from Figures." It's free. Mail the coupon.

Marchant Calculating Machine Company, Oakland, California. Offices in all principal cities of the United States and Canada. Consult your telephone directory. Representatives in all foreign countries. Sixteen years building calculating machines — nothing else.

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Please mail the following:

☐ Booklet F, "Eliminating Mental Work," with details on Marchant time-saving features.

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*Ideal for the executive's desk
Quick and accurate!*

ANYONE CAN RUN IT NO MENTAL WORK

Every executive concerned with confidential figures needs this New Marchant Portable.

Many organizations have placed *one on every desk*, where figuring is done now and then. It saves valuable time for more profitable work.

This New Marchant Portable will solve every figuring problem,—quickly and accurately. It not only adds, but multiplies, divides and subtracts.

So simple to run, anyone can master it in ten minutes. No mental work. No checking and rechecking.

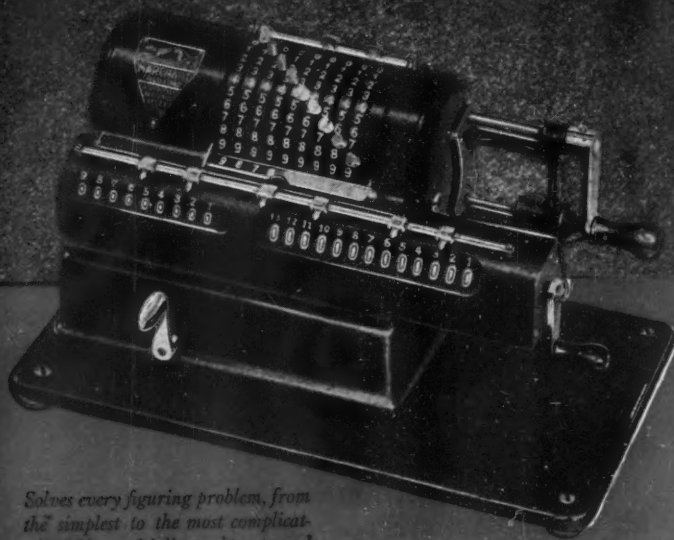
Weights slightly over 15 pounds. Occupies a desk space of only 6¾" x 12". Slips into a handbag or the file drawer of a desk.

Marchant-designed and Marchant-built for smooth performance, accuracy and durability. Carries the standard Marchant guarantee.

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Men Are Not Built To Do Heavy Handling

An executive would not ask one of his mechanics to make his decisions for him, yet he will call upon a man, or a whole gang of men to do handling work which may be just as wasteful of time and money.

The question of how to get the most from your payroll dollars is best answered by supplying your men with modern machinery. In the case of contractors, supply yards and many industrial plants this should include a convertible shovel crane to economically take care of the handling of incoming and finished materials.

Industrial Brownhoist shovel cranes will handle all kinds of materials at a remarkably low cost, and their powerful crawler mountings take them anywhere. These machines are built in sizes to meet various conditions and are the product of an organization that for fifty years has adhered to the policy of building only quality equipment.

If you want to lower production costs and have contented workmen, let our nearest representative give you some facts about the proper size Industrial Brownhoist to do your work.

Industrial Brownhoist Corporation, General Offices, Cleveland, Ohio

District Offices: New York, Philadelphia, Pittsburgh, Detroit, Chicago, San Francisco, New Orleans

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INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

themselves and go on with production instead of calling in expert help.

The head of one of the great insurance companies came to visit Kingsport. After he had been surprised at the development on every hand and had seen the idealism manifested, he asked Mr. Johnson, "Is it profitable?"

"I'm glad you asked that question," said Johnson. "Really we have been so busy planning and developing that we have hardly stopped to think if it is profitable. But we are beginning to find that it is. We tried to start right. We determined to give everybody a square deal and get people all pulling together. We determined to build a city that would be single-minded, where there would be no extremes of wealth and poverty but all would be one good grade."

A Community Made by Miracles

I WENT about Kingsport discovering that what he said is true. I tried to lay my finger on the one thing responsible, but couldn't find that thing. Rather, all things that go to make a good community are here developing at their best. Kingsport is a community miracle, but not made by any one miracle—rather like a fine house is made, by combining good materials and good workmanship on a good plan. If there is any one thing noticeable it is that "single-mindedness."

Johnson began life in a mountain backwoods of Virginia and had little schooling. He knows all about the problems of the backward mountaineers.

Several years ago I picked up a book in a Chicago store and saw the imprint "Kingsport Press." I searched my memory, but couldn't locate it among the book factories of the world. The book was so well made that it had to come out of a likely shop. A little later I came across a shelf of cheap editions. These bore the same imprint. My curiosity was aroused, for I had known the Kingsport of ten years ago. So when visiting Asheville I journeyed over the mountains to find this print shop that had sprung up in the backwoods.

I found a vast modern plant housed in three long glass-sided wings paralleling each other and united at the rear ends. The manager's office in the front of the middle building looks like a library or bookstore, mainly filled with books manufactured here and running from costly leather, gold-edge volumes to the cheapest ones. These books grew on the adjacent mountainsides, for in connection with the Kingsport Press is the Kingsport pulp and paper mill that makes much of the stock that goes into them. The mill makes the paper and sends it over to the printing plant in tall stacks ready for the presses without wrapping for ordinary shipment.

The manager, Walter F. Smith, told me they were making books for nearly 150 publishing houses, manufacturing

and shipping more cheaply than many of the publishers could make them in their own plants.

There are typesetting and proof-reading departments, but the larger part of the book manufacturing is done from plates that are shipped here ready for the presses.

Next we visited the press rooms. Here in the backwoods are the same big presses you see in the city plants. Rows of them—two-revolution machines with extension automatic feeds and delivery. There is a battery of big color presses that deliver the finished sheets printed on both sides, two colors printed at once.

A thousand men, women, boys and girls work in this Kingsport Press plant. They have their own cafeteria that runs nearly at cost. There is a school in one wing of the plant where the beginners are taught all branches of the book-making crafts. They are paid ten cents an hour from the start, but are not allowed to work on any commercial jobs until they have attained proficiency. There is a long waiting list to get in.

"Why can you print and bind more cheaply here than in the cities?" I asked.

"Because our expenses are lower. Have you noticed how many big printing plants as well as other manufacturing plants have found it advantageous to move out of the cities? They can run at less expense, can find more room for development, and can often escape labor troubles."

Why They Came to Kingsport

BUT this is only one of the plants. Chaperoned through the gates and doors bearing "No Admission" notices, by Phelps Platt, assistant to Johnson, I nosed into several of them. Dainty silk and cotton stuffs are made here in the mountains, and window glass and the polished, heavy, translucent, steel-webbed plate glass used for partitions, doors and windows not to be looked through or smashed.

We visited the brick works, the cement plant, and the tannery and photo-supply works.

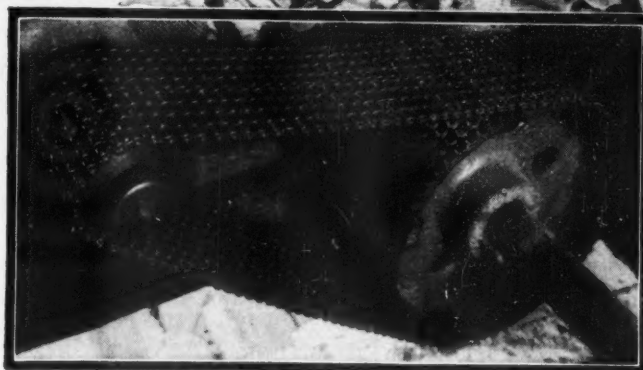
How these industries were attracted to Kingsport is an interesting story.

Kingsport-builders hitched their wagon to certain ideals. They determined to have only such industries as those in which the employers and the employees would agree on a square deal for all and the largest opportunity for everybody.

So the industrial chieftains had first to pass the acid test of these ideals before getting sites. Not all who applied succeeded in getting them.

George Eastman was early interested, an interest that culminated in the location of the Tennessee Eastman Corporation, which makes wood alcohol from the native timber, and other photographic supplies, in Kingsport. Other companies that have located there include the Kings-

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There is a Diamond Roller Chain for every drive up to 3600 r. p. m., and the 39 years of specialized experience of Diamond Chain engineers is at your service in perfecting the drives in your plant—or in giving your machines a sales-making feature by incorporating this well known drive.

The illustrated and informative booklet No. 102A—"Rolling the Problems out of Transmission"—will be mailed on request.

DIAMOND CHAIN & MFG. CO.
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port Press, which I have already mentioned and which is managed by the New York printing firm of J. J. Little and Company; the Mead Paper and Pulp Company, which is operated by George H. Mead and which has headquarters at Dayton, Ohio; the Blue Ridge Glass Corporation, a combination of the Corning Glass Works of Corning, N. Y., and the St. Gobain Company of France, a concern that has a record of 268 years of operation in that country; the Borden Mills, subsidiary of the American Printing Company of Fall River, Mass.; the Holliston Mills of New England; the Kingsport Silk Company, subsidiary of the Danville Silk Company of New York City; the Davis Hosiery Mills, a part of the W. B. Davis organization; the Hamilton-Brown Shoe Company, of St. Louis, Mo.; the Kingsport Brick Corporation; the Clinchfield Portland Cement Corporation, now a part of the Penn-Dixie Cement Corporation, and the Kingsport Foundry and Manufacturing Corporation, which markets its products in Pennsylvania, Ohio and other distant states.

Besides these, already in operation, are other industries that are getting started.

How the Schools Have Grown

FROM a one-room school running four months with 32 pupils, the influx of mountaineer families has brought into operation five modern buildings with 100 teachers and 2,500 pupils. The playgrounds around these buildings contain four and a half to nine acres.

There are many churches, three of them on The Circle, a hub-like plat of green with a circular drive, from which radiate like spokes of a wheel five principal streets. Noted architects designed these edifices.

The story of the building of the Methodist Church is typical of the spirit that has made the new Kingsport. The pastor who came to lead this little flock a few years ago became enthusiastic with the idea of building a church that in size and beauty would anticipate what was coming here.

He got an eminent architect so interested that he designed the edifice and donated the plans. He next went touring and telling everybody about the new church, giving all an opportunity to help build it. Most of the materials were donated. Then he rolled up his sleeves and dug foundations and laid brick with his own hands during the week, washing up and donning the long-tailed coat for his Sunday sermons. Of course, the public rallied around him. That church stands today eloquent to the devotion and spirit that reared it.

We climbed Cement Hill on the edge of the town. We could look down over the entire valley that is filling up with the new Kingsport. The Clinchfield Railroad runs at the foot of the hill, and below at our feet was the large red brick station. A double-width street with grass-

plats paneled along the middle and the sides leads directly away in front dividing the city into two halves.

The retail business section is on this and adjacent streets. To the right is the wholesale district. To the left is the factory district. Straight ahead, in the middle of the picture, is the open green space reserved for the municipal buildings. The Kingsport Inn faces this space. It is a large, modern, English-style inn, built and managed by the improvement company that developed the town.

The residential sections spread to the right and left. Everywhere there is reassuring evidence that the plan is functioning. There is a Community "Y" club house, also an imposing building for the offices of the Kingsport Improvement Corporation.

"Single-mindedness." I believe that word explains much of the prosperity and progress of the community. The people are keenly interested in their town. The other day it was proposed to take some municipal action in development. It was announced that the project would be discussed at a public meeting. Between 500 and 600 men and women gathered to learn about it. This with a population of 1,320 qualified voters.

If you are not impressed with this fact, call a meeting in your own community to discuss a municipal move. My guess is that in the ordinary town of 15,000 perhaps a dozen will turn out if it is not raining.

Kingsport is not an "owned" mill town. It is a regular American town where each citizen lives as independently as anywhere else. The Kingsport Improvement Corporation envisioned the project of building a manufacturing city. It bought thousands of acres beside the old Kingsport village that still slumbers along the Holston. It developed the town on an independent, self-governing basis, first breaking up the land into subdivisions, selling parcels to private owners. It zoned the city so that the sites sold should be used for specified purposes.

Today each citizen and home owner has a voice in the management. The Kingsport Improvement Corporation is only one of the interests of the place, subject to the government of all. The large plants in Kingsport have a system of health and life insurance for all their people, quite apart from the state industrial accident insurance. Their workers are insured, and the insurance is paid by the plants, the cost added on to the price of their products bought by the public.

The Kingsport Insurance Plan

THIS insurance is a gift to the employees. For sickness they get half of their weekly wages. For death, the beneficiary receives \$500 if the employee insured has been in service less than a year. After one year's service the insurance is \$750.

After two years it is \$1,000; after three years \$1,200; after four years \$1,400; after five years \$1,500. There is also a provision for carrying additional life insurance, to be paid by the employee.

The founders of Kingsport called in experts to devise a plan of municipal government. The town charter was prepared by the Rockefeller Foundation, and it has worked so satisfactorily that they are deluged with requests from other towns for copies.

"Why shouldn't we go out and get experts to plan our town?" asked Mr. Johnson. "We get experts to plan our railroads, buildings and machines."

No Place for Politics

THE plan of the charter issued by the State of Tennessee March 2, 1917, is to keep politics out of the management and machinery. The town is run by a city manager.

"Can you get as much service for your municipal dollar as a private concern can get for its dollar?" I asked City Manager Frank C. Cloud, who has been on the job some years.

"You bet!" he replied emphatically. "If we aren't promised service at the same cost as the private citizen, the deal is off." Various citizens assured me that politics cannot get a look-in.

Kingsport is going to have 50,000 population. The ideals will survive. And as proof that these ideals are maintained in a practical way, the recent issue of street paving bonds was eagerly taken by competing bankers. Bankers don't loan on idealism unless it is able to ring the cash-register. One of the many cases of harmonious cooperation came to me in the visit to the glass plant. The photo-supply plant had been throwing back into the river certain by-products that contaminated the stream and rendered it unfit for the glass works to use. The photo-supply people declared they could not do otherwise. Litigation and injunctions might have been expected. But a happy adjustment was made. The photo-supply factory arranged to pipe water to the glass plant, and the latter concern delivered certain of its materials to the former.

Kingsport is sounding a new note. While costs of production rise in the crowded centers, this Tennessee mountain community is demonstrating that much of this production can be achieved at lower cost out in the country, and that with cheaper living and happier working conditions.

Many dying towns may revive and prosper by doing as Kingsport is doing—developing industries to keep "my man" from moving to the city. There is room in this land for hundreds of Kingsports but not room for one slum district.

Why should the small town give workers to the city and then buy back their products? Why not keep workers at home and sell the city their products?

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NEWS OF ORGANIZED BUSINESS

By Willard L. Hammer



San Diego Chamber of Commerce founded 1870

Coordinates Organizations

GEORGE H. MURDOCH, of Red Bank, N. J., has hit on what we believe an excellent plan to coordinate the actions of the sixty or seventy different organizations in the town. His scheme is known as the Participating Plan. The Supervisory Board of Red Bank of the Participating Plan has been formed to manage it.

The Board itself will not undertake to initiate any measures nor will it assume any responsibilities in regard thereto, except to guarantee that every measure submitted will be handled fairly and openly. The Board is planned entirely unprejudiced. On it are represented three widely different religions, and two typical professions not to mention a women's club representative.

Its objects are to supply a nonsectarian, neutral medium through which any nonsect organization within the Borough of Red Bank, may submit its actions to every other group in the Borough, and to receive and compile reports thereon and facilitate joint action on such measures when desired by a majority of organized groups.

The Board provides also for joint committees chosen by its various organization members.

The first item of importance to go the rounds was a project for the widening of the principal business street to the river. The Rotary club introduced the resolution and requested that it be submitted to the other affiliated organizations. The vote is very favorable despite the fact that a recent municipal election did not favor the street widening. The actions of the Board, perhaps, will give the city's opinion more accurately than a political election.

Mr. Murdoch, secretary of the local chamber of commerce, who was instrumental in the creation and organization of the Participating Plan, says that:

The prime object of the Board is to influence the development and improvement of citizenship. We also regard it as a very valuable experiment in democracy.

I think it is quite generally recognized

that human society is passing from the period of individual leadership into an era of group activity and leadership. The larger the body of the electorate, the less opportunity is there for the exercise of a pure democracy.

If we consider the electorate by groups instead of as individuals the more easy will it be for democracy to function. In each group each individual will have a voice and democracy will be practiced, and it can be carried through the groups into the larger bodies.

A Fight for Boat Docks

BURLINGTON, Iowa is looking forward to a big year for her docks and terminals that were dedicated last Fall.

For years river transportation along the Mississippi has dwindled, and big business had ceased to regard it as a factor in the shipment of goods, save locally.

Then the Government helped deepen the channel, and put a fleet of barges in service for the transportation of all sorts of commodities.

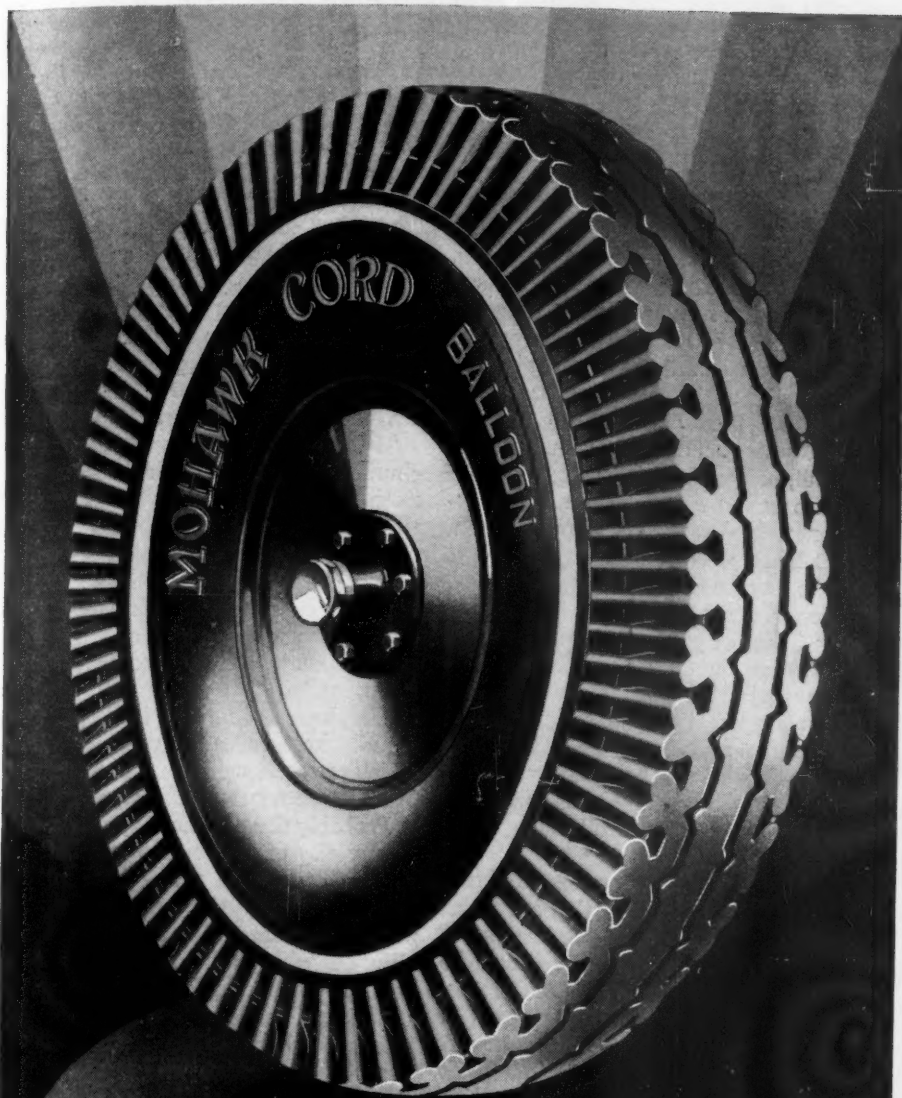
The chambers of commerce, all along the river worked faithfully for the government aid, and finally secured a six-foot channel for the upper river. At the same time that government began to take an interest, certain cities were designated as advantageously located for river terminal facilities. Burlington was one of these favored cities.

The city of Burlington, realizing the advantages to be derived, voted a \$225,000 bond issue for the building of adequate terminals.

There are three units to these terminals, one for loading grain, this being an equipment for taking the grain from the huge elevator directly to the barges.

The second unit is of lumber and steel, and is built out into the river on pilings. This is equipped with a modern portable electric crane, to hoist large articles or steel and lumber from barges to flat cars.

The third unit is the main packet warehouse storage unit, to which is moored a steel barge, two hundred and twenty feet long, and forty feet wide. Loaded barges



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You will admire the swirl of style in its distinction of design — an outward reflection of the extra value built within.

What Created the Present Era of Prosperity

Thousands have tried to "explain" it. Many brilliant writers have covered certain phases of it. Now for the first time, a practical and understandable analysis and study of the entire situation is presented in

The New Industrial Revolution and Wages

By W. JETT LAUCK

Former Professor of Economics and Politics,
Washington and Lee University; Secretary
of Former War Labor Board

A new epoch-making industrial revolution was inaugurated in the United States by a group of industrialists and public officials, of which one of the chief spokesmen was the then Secretary of Commerce, Herbert Hoover. To understand it clearly, the radical changes in American theory and practice which have come in since the World War must be carefully examined. W. Jett Lauck has gathered together the most significant facts and presents them brilliantly.

THE WONDER OF THE CIVILIZED WORLD

The unprecedented marvel of declining production costs, lower prices, higher wages, and rising standards of living in the United States during the past five years has been the wonder of the civilized world. The problems which have arisen from the new order—instability, lack of coordination, the unemployment menace are also fully covered and constructive remedies which have been proposed are carefully analyzed.

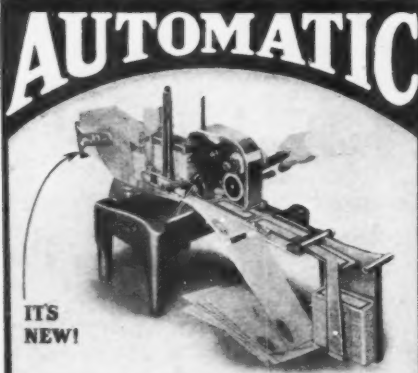
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anchor beside this huge floating barge and transfer their loads to it. The goods are thus transferred to the warehouse by means of an escalator, which has an endless chain for moving small trucks to the main floor of the big warehouse.

Sixty barges were provided last year for the use of river shippers, but it was soon found that the twin cities of St. Paul and Minneapolis provided enough shipping to use all of these barges, with the four tows.

Congress has now appropriated money for an additional forty-five barges and five more tows, and if the shipping increases as it has the past two years, it will be necessary to add even more.

The Burlington docks were put into use last Fall, before their dedication.

There have been shipments into Burlington from Brazil, Germany, Oregon, and California, while outgoing shipments went to Oregon, Washington, Louisiana, Minnesota and Missouri.

The Chamber of Commerce of Burlington is aiding the dock commission in figuring out a joint shipping rate for rail and water transportation, and it is expected that such a saving can be effected by means of the docks that there will be a great demand for dock and terminal usage from towns in Iowa and Illinois.

Growing a City With a Soul

A VISITOR ONCE declared he knew that a city was progressive because as he came into town he saw it on an electric sign. Waco, Texas, however, according to J. M. Dawson of that city, offers more evidence that it is "A City with a Soul" than the mere fact that it has hung out such a sign on its municipal hall.

It is not that Waco cherishes the illusion that the physical body is unimportant. Waco's material improvements perhaps are fair enough for a city of few more than 50,000 population.

What evidence can be submitted to show that this city has a soul?

First, Waco magnifies its homes—"A City of Homes." There is no tenement district. There are poorer sections, it is true, but no considerable portion of Waco is given over to rent houses. Because this is so the people love the city. "It is a fine place to live in," they say with great enthusiasm.

Another proof of Waco's soul is its parks. Throughout the city are many of them, some adjacent to public schools, named for outstanding citizens. These green spots are charming. The city in addition can boast Cameron Park, which commences at the city hall with a river-side drive along the Brazos and stretches over evergreen hills and wooded ravines for a distance of three miles. Waco has immense pride in it and has provided for its care and upkeep in a most generous manner. Its drives, its playgrounds, its fountains, its flower gardens, its groves of fine trees delight multitudes.

Fairs and expositions are by no means

peculiar, but Waco has one that is individual. It is the Texas Cotton Palace and International Exposition. Waco has in some very essential particulars made of this exposition an agency for the cultivation of the soul. Such are the community pageants which it promotes, the grand opera it has provided, the prizes it has offered for the development of art, and the varied educational features.

In any claim that a city has a soul, readers would expect mention of the churches. Yes, Waco has them, all kinds of them. While the negro population has decreased since the war the colored folk have their churches in equal ratio.

"I like to see the people crowding the churches as they do here," remarked a national manufacturer as he passed through Waco on a recent Sunday. "It means that labor and capital get on together, they understand each other better, they can more easily reconcile their differing viewpoints and compose their disagreements, with less of violence and irritation."

The degree of interest in the churches here is best reflected, not in statistics which are challenging, but in the pages of Waco's two flourishing newspapers.

Probably there are no daily publications in any city of the country which devote so much space to the activities of the churches. Two entire pages on Saturday morning. Column after column every day! Why? Because it is what the people are thinking and doing, actually what interests them.

It is to the glory of Waco that it can boast the largest Browning collection in the world. In connection with Baylor University Dr. A. J. Armstrong, head of the English Department, has builded the most important of all shrines to that poet.

Coming Business Conventions

(From information available April 5)

Date	Place	Organization
May 8-9	New York	National Association of Manufacturers of Cooking and Heating Appliances.
6-8	Absecon, N. J.	National Association of Printing Ink Makers.
Wk. of 6	Del Monte, Calif.	Pacific States Paper Trade Association.
13-16	Memphis, Tenn.	National Fire Protection Association.
13-16	Boston	American Booksellers Association.
15-17	Toronto, Can.	National Paper Box Manufacturers Association.
15-17	New Orleans	Interstate Cotton Seed Crushers' Association.
14-16	Atlanta	Southeastern Retail Hardware and Implement Association.
15-17	Atlanta	National Electric Light Association.
20-22	Chicago	International Association of Garment Manufacturers.
20-24	Buffalo	Photographers' Association of America.
21-23	White Sulphur Springs, W. Va.	Lithographers National Association.
21-23	Tulsa, Okla.	Natural Gasoline Association of America.
21-24	Washington	Linen Supply Association of America.
21-24	Atlanta	Master Boiler Makers Association.
21-24	Chicago	Biscuit & Cracker Manufacturers' Association.
23	New York	National Board of Fire Underwriters.
23-24	Niagara Falls, Ontario	American Association of Wholesale Opticians.
23-25	French Lick, Ind.	National Association of Office Managers.
30	Galveston	Rice Millers Association.



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TIME is one of the most important factors in the operation of a fleet. It is the truck or car that covers the most ground in a given *period of time* that makes the profit.

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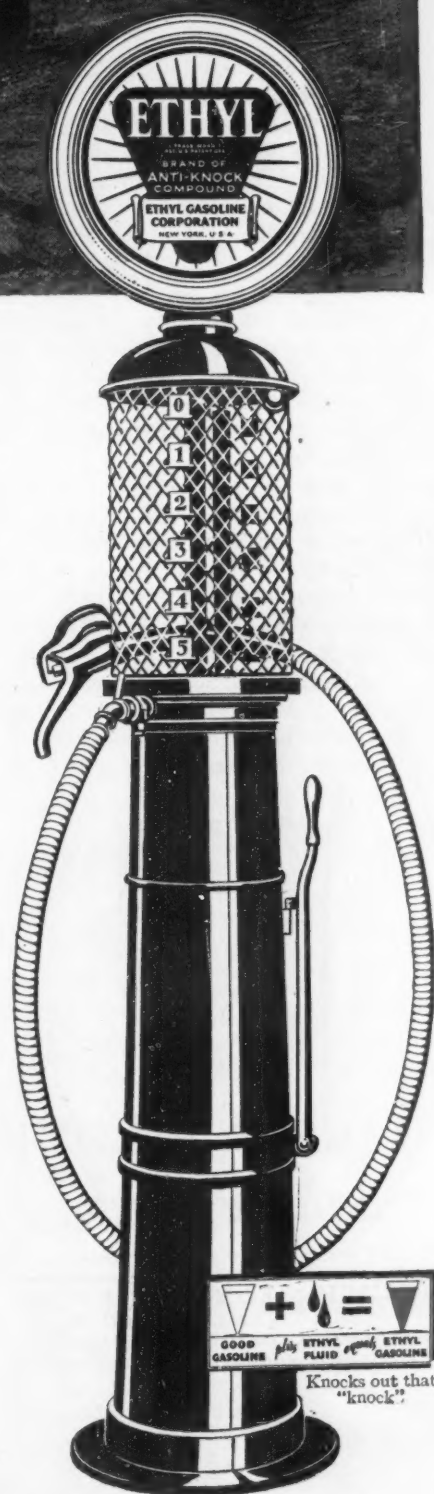
ings is reduced. Engines keep cooler on long runs and additional power is furnished for heavy pulls. Gear-shifting is materially reduced. Drivers find it easier to operate Ethyl-using trucks. In short, Ethyl means more miles per day and more days on the road.

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Why Wreck Your Best Machine?

(Continued from page 46)

violent change without running into danger.

"If the average man could get a look at his real self, his soggy body and its feeble resisting power, he would build himself up at once. Exercise will do it.

"My father proved that to me when I was 12 years old. I had been laid up several Winters with tonsillitis, and it looked as if I would be laid up every Winter. My father started me at work in a gymnasium five times a week, and after a few months I was so much stronger that tonsillitis disappeared. I haven't had it since."

He Built His Physique

BOTHNER progressed gradually from delicate boyhood to championship form and condition. Even after he had developed unusual skill and speed on the mat, the experts thought he would never go far because he lacked stamina; but he was ambitious and set out to cultivate stamina. He got it. By careful, steady work he strengthened his heart and all the organs that contribute to endurance, so that within a few years he won the amateur national lightweight championship in wrestling. He turned professional, and won the world title at his weight. Then he had to wrestle with heavier men, because no one in his class had a chance with him.

From throwing the welterweight, Harvey Parker, whose discouraging pet name was Little Demon, he met bigger and bigger men until he pinned down Pierre Colosse, champion of Belgium, a good man weighing 300 pounds.

Along came Higashi, advertised as the greatest exponent of jiu jitsu, able to kill or cripple his antagonists with mysterious grips and thrusts. No other wrestler would tackle him so George did it.

That match was in the Grand Central Palace, New York, which was at the beginning as silent as the tomb although packed to the roof with men expecting tragedy. They thought Bothner was doomed.

Bothner won in three straight falls after a savage contest that lasted till midnight, and, next to his courage in facing death, the chief element in his winning was his endless endurance. He outlasted as well as outthought Higashi. Ever since that night I have regarded George as an authority on endurance. He can teach us all.

"Suppose a business man has been exercising faithfully six or seven months," I asked him, "how hard can he play—say at squash rackets, or handball or boxing?"

"Just about half as hard as he thinks he can," said Bothner. "The fellow who

has been an athlete as a youngster, forgets training for years and then comes back to it for his health's sake, soon feels that he is as good as ever, and wants to play as hard and fast as he did at 25. There's a death-trap. No man ever was as good physically at 40 as he was at 25—and that goes for 'iron men' as well as the rest.

"So when you go to your club and play a game with some lad not long out of college, don't run after the hard ones; don't get the idea that you can lick him if you try. You can't lick him—or, if you do, you'll pay a price that staggers humanity. It simply isn't in you at middle age."

"All very fine in theory." I demurred, "but how about Old Fitz, who fought in the ring at 50, and Mike Donovan, who taught boxing to the soldiers when he was past 70 and could hit and step as fast as anybody?"

"Listen," said George. "We professional athletes are at our business day after day and year after year, and we don't waste our vitality on business worries. Besides, we loaf half the time we play with you; for you have no more chance against us than I'd have against a lawyer or a banker in his field of work. You amateurs burn up your energy in your business—and then come up to the gym and think you can hold your own with the professor. Don't be foolish.

There's a Limit of Endurance

WHAT a man does for a living he does for all he's worth. No man has more than 100 per cent of energy to start with. If he uses 80 per cent of it in earning his living then goes into the gym and tries to use 80 per cent more, he's in for a bad smash.

"Look at Monday morning's paper anywhere from April to December, and see how many fine old sportsmen drop dead in the bunkers of our golf courses. Why? Because they try to play as much golf in one day as some wiry pro who has done nothing but golf since he was knee high."

"Aren't you cutting off a lot of fun?" I asked.

"Any sane man will trade half his fun for twice as many years to live," George answered. "Enjoy at least one hour of exercise every day, out of doors as much as you can. Week-end golf in moderation will do any man a world of good, but it is not enough. If you print what I am saying, I hope that every man who reads it will do something like this:

"Sleep eight or nine hours every night; eat about three times as much ripe, fresh fruit as most people do, with lots of green vegetables; drink plenty of water between meals; learn from a competent



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Sometimes it is advisable to have the product show through the "Cellophane", as in the case of the caramels and tea-bags shown here.

This valuable sales aid can be taken advantage of without throwing any heavy load on your production facilities. One of our wrapping machines wraps

from 10,000 to 30,000 packages per day. Only two operators are required, one to feed the machine, and the other to pack the finished product.

Have you seen your package in "Cellophane"?

Try this — place one of your packages wrapped in "Cellophane" alongside of an unwrapped package. The comparison will surprise you! If you will send us a few of your packages, we will return them to you wrapped in "Cellophane", with complete information on machine wrapping. Get in touch with our nearest office.

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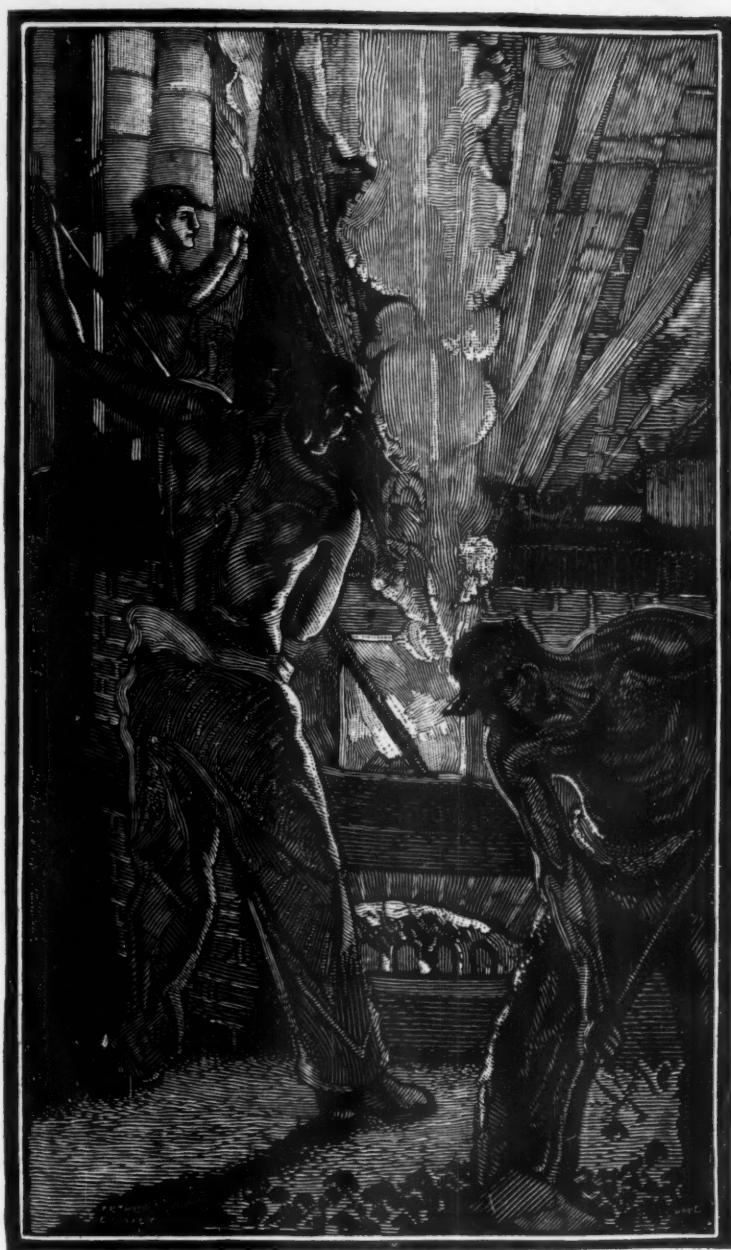
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and Pyrene Tire Chains

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stepping briskly, practicing deep breathing, often skipping about in a bit of footwork in odd corners, he revelled in the new freedom. Two or three times a week he managed to get out in the field and throw his weights. He read every book he could find on physical training, and adapted these theories to his own needs. They had the "peg post" in those days, and instead of grum'ling at it Matt McGrath would swing a narrow circle around his post and walk miles there on every tour of duty.

And he carried one-pound dumb-bells in the side pockets of his uniform coat; so that night after night he would develop his muscles with them and keep himself warm.

No wonder McGrath became champion hammer thrower of the United States 19 times, that he won two Olympic championships against the world's best, was second once and placed once, and that his world's record for throwing the 56 pound weight—40 feet six inches—still stands.

Too bad there is not room here to tell of McGrath's plunge into the icy Harlem River to rescue a former enemy who was trying to drown himself—for which he received the congressional gold medal; or of the time he pelted a murderer with bricks with such perfect aim that the man quit shooting, threw away his revolver and meekly surrendered; but we are concerned at the moment chiefly in his athletic career and his helpful suggestions.

Happy and Healthy Living

"**W**HAT a grand thing it would be," said Captain McGrath, "if some one could persuade the American people to stop, look and listen to a few simple hints about taking care of their bodies. What a nation we would be if we were half as eager to be healthy as we are to be rich! We could make ourselves as vigorous as the old Spartans if we would only make up our minds to do it."

"How could we?" I asked.

"Without much effort," said McGrath, "if we would only give a little thought to it every day. The happy life can easily become a habit. Show anyone a plan to increase his income by one-tenth, and see how quickly he'll grab it. If you cut a dollar off a man's pay, he's up in arms at once; but the same man will cripple his earning power by neglect of his body and think nothing of it, or, if he does think of it, he calls his bad health his hard luck.

"Maybe it is because my work brings me in contact with the crowd that is always hurrying that I feel we are all rushing like mad night and day, yet I can't help seeing that too many of us are not getting half enough sleep, especially the young people and the older ones who try to keep up with them.

"The stimulation that pleasure gives carries them along for a while, but as

they try to go too long without sleep they begin to weaken. Nature repairs our energies in sleep, and when we don't get enough of it and keep drawing on our strength, we sooner or later overdraw our account and go bankrupt in health. There is no escape.

"Nature keeps books as exactly as the banker. She may not send a statement at the end of the month, but we can't escape her day of settlement.

"If Champion Gene Tunney needs 10 hours sleep every night, how much do our boys and girls need? I think that eight hours sleep would be little enough for the best of them."

"What is the best exercise?" I asked.

Get in the Sunshine

"**A**NY pleasant play that keeps you out in the sun for one hour a day or longer," said McGrath. "We walk from the cradle to the grave, and walking, if we look about and enjoy the sights as we go, is the best exercise of all.

"For those who can afford it, there's nothing like riding. That's the ideal exercise for the middle-aged or elderly—with so much pleasure for the rider, and the strain on the heart of the horse. We should not forget to practice brisk calisthenics or a few minutes of stretching the muscles every day by swinging dumb-bells, for the sake of the good that it does to our insides. But the easiest and best thing of all is to walk one hour a day in the sun."

As Captain McGrath was on his way home from the Olympic Games of 1924, a stranger tapped at his stateroom door, and asked, "Is that yourself, Matt?" as the big man swung the door open.

"'Tis so," McGrath answered casually, eyeing the stranger. Then—"What!" he exclaimed. "Is this Jack Smith of Menagh, my old chum? Shaneen, 'tis a treat to see you!"

After they had wrung each other's hands and heartily walloped each other's shoulders, they sat down to give accounts of themselves.

"Shortly after you left home," said Mr. Smith, "I went to Australia to herd sheep. 'Twas hard work but I prospered, and now I have thousands of acres and tens of thousands of sheep.

"I'm worth a million, but little good I get of it; for I've slaved too hard and I can't stop slaving. My stomach is ruined. I never know what harm the next meal may do me. But let that pass. How are you doing, Matt?"

"Nothing to startle you," the Captain replied. "I'm in the New York police department, doing work I like. I have my home and my health, and I'm in championship condition though past 50—just made a world's record in Paris throwing the 56 and I expect to keep it up for years, though I've very little money."

"Oh, Matt, Matt, you have everything!" poor Shaneen Smith exclaimed.

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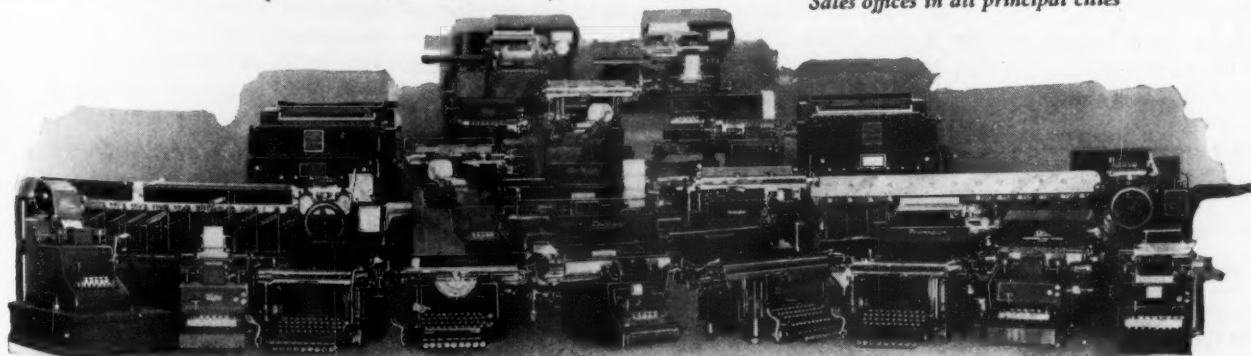
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Making the Public Air-Minded

(Continued from page 26)

to get away from that. We instructed the sales force to emphasize that the mailer was not expected to use the air mail unless he could benefit by that use. We were so sincere in this position that we advised certain potential users of the service to save their money and use rail mail, even after they were willing to use air mail. We so advised them because we could not save time for them in those particular instances.

This is the same position we must take in the development of passenger and express traffic for the air lines. We must be able to offer the passenger or the shipper something worth the extra money, or we are not entitled to the business.

What can we offer the public, in exchange for fares which are now approximately double those charged by surface carriers? We can sell speed, safety and comfort—and the greatest of these is speed.

Certain air lines have devoted a good share of their advertising to the idea of adventure in flying. While there is undoubtedly a thrill to the first flights on an air liner, I do not believe that is what we are selling.

Air transport soon will be as commonplace as any other form, and then we will have no thrills to sell.

The matter of equipment is an important feature in the development of passenger traffic; far more important than in the building of an air-mail business.

For speed, safety and comfort, it is necessary to use the latest equipment, trimotored planes with every safety factor known, craft capable of cruising 128 miles an hour. These big planes cost about \$80,000 apiece.

Investments Are High

AN \$80,000 plane will carry but 12 passengers when filled to capacity. The average load on which we must show a profit is seven passengers. We have no expensive road beds to maintain, but on the other hand, the life of our plane is but 2,000 hours, and it must be overhauled completely every 200 hours.

These unusual economic conditions account for the difference in rates. Reduction of rates would, no doubt, bring a marked increase in volume of business. But, generally speaking, rates on American air lines at present are too low to return a sound profit.

Equipment now available cannot produce transportation at anywhere near such prices as the surface transportation companies may offer, regardless of the volume handled.

On the other hand, we are learning surprising new facts about air transport every day. It was thought, until recently,

that the economics of air transportation were no different from other means of transportation, and that the slower planes were the more economical carriers.

Some air transport operators still believe that, but it has been our experience that the faster you fly the cheaper it is to operate an air liner. It is demonstrable that an increase of 25 per cent in cruising speed may offset an increase of 40 per cent in capacity.

By the same token, an increase in speed of 25 per cent, with the carrying capacity unchanged, may mean that a rate reduction of 40 per cent is possible.

In fact, a good many operators believe that when passenger planes with a cruising speed of 200 miles an hour are available, the air lines may begin to compete with the surface carriers in rates.

Air passenger charges should be based on a sound knowledge of costs and should take into account the difficulty of averaging more than 50 per cent of the capacity load over a long period of time. Passenger travel by air fluctuates greatly from day to day.

But reduction in rates may be expected with the development of larger and faster planes, and of these two factors, speed is

more essential than size of the plane. Our immediate task is to sell enough transportation at the rates we may now get to carry on operations profitably while awaiting improved equipment and consequent lowered costs.

In the development and expansion of our air lines, we have received the hearty support of the Federal Government, which has tried to aid the air transport operators to fly on their own wings, rather than to grant subsidies, as has been the practice in foreign countries. This is a sound policy.

One hears a good deal about the wonderful air lines of Europe, but several lines in this country now offer better service from the points of view of speed, safety and comfortable equipment. Our lines are becoming established independently, while the foreign lines for the most part would collapse without their subsidies.

I believe this proves conclusively the wisdom of the theory that we must educate the public to use the air lines and must sell people individually on the idea that they are making a good buy when they exchange their money for superior comforts, safe transportation and, most important of all, for the saving of valuable time.

"Time flies," we tell them at every opportunity, "Save time. Fly."

Executives Take to the Air

By PHILIP KERBY

AVIATION will always be 90 per cent conversation and 10 per cent flying, declared a disillusioned war ace back in those lean and hungry years after the World War when pilots, taught to fly in military and naval air schools, sought to turn their specialized knowledge to profitable account in commercial fields. For more than half a decade after the armistice, capitalists, business executives, and industrial economists paid but scant attention to the siren songs of safety, speed and economy of air travel, with the result that the great majority of these intrepid birdmen had to return reluctantly to their former occupations.

In the past two years, however, the pendulum of American commercial thought has swung almost as far in the other direction and now financiers, sales managers, and executives are eagerly purchasing planes, working out air transportation schedules for passengers and merchandise, and acquiring that specialized knowledge which connotes industrial air supremacy.

Specifically, a large number of American business executives are using air transportation to overcome costly traffic

delays; to multiply their own efficiency by making personal calls instead of transacting business by letter, telegraph or telephone; to solve knotty problems of distribution; and to discover new outlets for their products. Nor is airplane travel confined to any specific group. It includes lawyers, bankers, real estate operators, wholesale grocers, building material manufacturers, newspaper publishers, oil field operators, railway executives, and many others equally prominent in commerce.

The following examples of the daily use of airplanes by prominent executives have been chosen not because they were exceptional but to show the diversity of uses to which planes are being put in the ordinary conduct of modern business.

An outstanding figure in the building materials trade is Bror G. Dahlberg, president of Celotex, Inc., and chairman of the board of the Southern Sugar Corporation.

Although Celotex headquarters are in Chicago, Mr. Dahlberg also is called upon to visit New York, San Francisco, New Orleans and the Florida Everglades. Until his purchase of a Fairchild cabin plane a little more than a year ago, he

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spent five nights a week in a Pullman for many weeks together. Now he travels almost exclusively by air.

Recently he purchased a second plane, a Sikorsky amphibian, which he keeps on the Atlantic seaboard, and is planning to purchase a third plane exclusively for West Coast use. His present planes are fitted out as private offices with a small desk for his secretary and easy leather lounge chairs for passengers. Many important conferences have taken place while travelling 100 miles an hour, new policies outlined and new projects developed; his passengers usually are division branch managers, salesmen, or reclamation engineers working on some new development.

One of Mr. Dahlberg's fastest swings around the circle took place last December. Leaving Chicago at 11 a. m. he attended an important sales conference in San Francisco at three o'clock the next afternoon.

Leaving San Francisco after an early dinner he arrived in Los Angeles five hours later for a midnight supper with friends. He spent two days in Los Angeles with only short trips to nearby points such as San Diego, Bakersfield and Santa Barbara; then stopping only at Dallas and San Antonio, he flew to New Orleans in 20 hours. Here after two more days of conferences and inspections, Mr. Dahlberg transhipped to his amphibian and, in a few hours, flew to Clewiston, Fla., landing on the placid waters of Lake Okeechobee.

After spending the night at Clewiston, he flew over the Everglades to Miami, lunched with friends at Jacksonville, and dined in Washington, D. C. The next morning he flew to New York to attend a directors' meeting. In a little more than a week the two Dahlberg planes had logged more than 6,000 miles.

Quite different experiences in the frequent use of a plane to further the needs of her business are recounted by Mrs. Thomas Robinson, of Oakland, Cal., one of the largest distributors of gasoline tractors west of the Mississippi. During the past two years Mrs. Robinson has specialized in the sale of tractors to large logging interests in northern California, Oregon and Washington.

Selling Tractors by Plane

THE field headquarters of these companies are usually some distance from main-line railroads and much time and effort are required to reach them. Her husband, who is also her business associate, suggested that a plane might solve their transportation problems and that it would more than pay for itself in saving of railway fares alone, not to mention increased comfort and convenience.

He settled the question of a pilot by agreeing to obtain a transport license himself. Accordingly, a two-seater plane equipped with pontoons was purchased

and Mr. Robinson obtained his license after three months' training.

Almost every week the Robinson plane makes one or more hops to Seattle or Portland as well as numerous inspection trips to the back country where tractors sold by Mrs. Robinson are hauling logs to the rail heads. The pontoons enable the plane to land on mountain lakes or other small bodies of water near a lumber company's headquarters. According to Mrs. Robinson the sales curve of tractors is steadily mounting due in a large measure to the success of airplane travel.

A Banker Who Likes Flying

HOW a plane is daily solving the needs of a bank for fast transportation is told by Frank W. Blair, president of the Union Trust Company, of Detroit, and one of the pioneers among financiers to advocate the use of planes by business firms. Although not a pilot himself, he flies frequently and was one of the sponsors of a pilot's organization known as the "Wise Birds."

When the good ship "Trusty" is not carrying Mr. Blair or some of his banking associates between cities in the Midlands, it is used as a carrier of title policies and other important negotiable documents for the Union Title and Guarantee Company, a subsidiary of the Union Trust Company, between the main office in Detroit and the branch offices throughout Michigan.

A plane is an invaluable asset in selling real estate, in the opinion of Eugene Dynner, of New York, whose realty operations are specialized in a large measure upon suburban subdivisions adjacent to the metropolis. A literal bird's-eye view of their proposed new home has convinced many prospective customers of the logic of Mr. Dynner's arguments, with the result that not a few of his sales contracts have been signed on the return to the landing field.

Mr. Dynner believes that more information about a specific property can be obtained from the air than in any other manner, because at a glance one is able to ascertain its relation to surroundings both good and bad. Scarcely a day passed last Summer or Fall that Mr. Dynner's Waco plane carrying prospective purchasers did not circle above one of his suburban developments.

These homeseekers saw from the air just how far the railway station was, how near the country club, how handy the grocery, meat market and delicatessen, and record sales were made.

Charles H. Walgreen, president of Walgreen & Co., Chicago druggists with a chain of stores in the Middle West, answering a question as to his company's use of a twin-motored Sikorsky, said:

"We have found the airplane most helpful since it brings our distant branches within a few hours of the home office. As regards safety, I believe the

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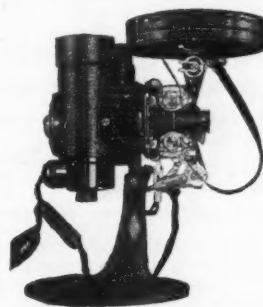


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or attention of any kind. With this ingenious device you can show your filmed sales story repeatedly before the constantly changing crowds that are always attracted by good motion pictures. See the nearest Filmo dealer for demonstration or write today for information.



FILMO Continuous Projector

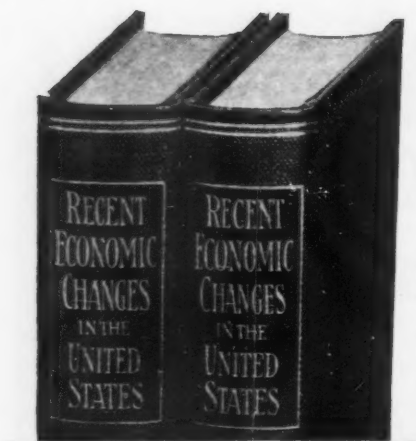
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The Committee of the President's Conference responsible for this report includes such well-known names as Walter F. Brown, Renick W. Dunlap, William Green, Julius Klein, John Lawrence, Max Mason, Adolph C. Miller, Lewis F. Pierson, John J. Raskob, A. W. Shaw, Louis J. Taber, Daniel Willard, George McFadden, Clarence M. Wooley and Owen D. Young.

The personnel of the committee insures the soundness, accuracy, and value of this intensely interesting contribution to economic literature.

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modern multi-motored plane that can fly with a motor in reserve for emergency, is perfectly safe."

The log of the "Stanolind," operated by the Standard Oil Company of Indiana for its board of directors shows that, since May 21, 1927, this Ford plane has flown more than 84,000 miles and carried 5,988 passengers. Records established in the ordinary course of flight include a hop from Chicago to Denver in 11 hours and 35 minutes; Chicago to Detroit in two hours and five minutes; Casper, Wyo., to Chicago in nine hours and fifty minutes.

The "Stanolind" is large enough for a quorum of directors to fly together and directors' meetings have been held frequently en route.

The use of a plane in politics was ably demonstrated by Walter J. Kohler, recently elected governor of Wisconsin, who used a Ryan plane, in preference to all other means of transportation in his recent gubernatorial campaign.

Only by flying could Governor Kohler keep all his speaking engagements, attend political rallies and perform those multitudinous duties expected of a candidate, in addition to maintaining daily personal supervision over his large industrial enterprises in the model city named after him on Lake Michigan.

To reach lumber towns in the northern part of the state—miles from any railway was a problem only a plane could solve with time at such a premium. But the candidate's plane brought every city, town and village in Wisconsin within a few hours of campaign headquarters. Governor Kohler's son frequently acts as pilot for his father's ship.

That Gar Wood, internationally famous builder of speed boats, should have waited until last year to purchase a plane for his own transportation needs is explained by the fact that his sphere of operations was confined largely to the vicinity of the Detroit River where he used his own fast hydroplanes. But as his market became broader the use of an airplane became a necessity.

How Gar Wood Saves Time

ACCORDINGLY, Mr. Wood bought a Fairchild cabin plane equipped with pontoons which he flies between his home and Algonac, Mich. This trip takes only 18 minutes by plane, but an hour and a half by motor car.

To go by train from Algonac to Mr. Wood's summer home on Upper Georgian Bay requires 24 hours. He commutes by plane in four and one-half hours. Twice he has flown the round trip from Detroit to Miami to attend the southern regatta.

While in Miami he received word that one of his client's speed boats at Palm Beach had developed mechanical trouble. Mr. Wood, accompanied by a mechanic, hopped in his plane, sped to Palm Beach,

made the necessary repairs and flew back to Miami all in two hours. The fastest as well as the most sumptuous air yacht is the large all-metal monoplane belonging to P. W. Chapman, head of the New York investment and security house bearing his name. Mr. Chapman says that in letting the contract to Vincent J. Burnelli to build this ship his single motive was to demonstrate that airplanes should no longer be considered pretty toys whose movements depended on favorable wind and weather.

Plans Transcontinental Hops

EQUIPPED with two Curtiss Conqueror motors developing 662 horsepower each, the Chapman ship is able to take off, climb and fly long distances with only one motor in operation. With both motors running it can carry 20 passengers at top speed of 160 miles an hour. At its cruising speed of 120 miles an hour and carrying 12 passengers it can travel 2,400 miles without refueling.

Mr. Chapman is planning to use it in non-stop transcontinental service for himself and his executives.

The forwarding of emergency printing press parts by a fast Swallow plane is one of the features of the delivery service maintained by the Duplex Printing Press Company of Battle Creek, Mich. Two other Swallow planes are kept for the use of Duplex executives who travel extensively throughout the Middle West.

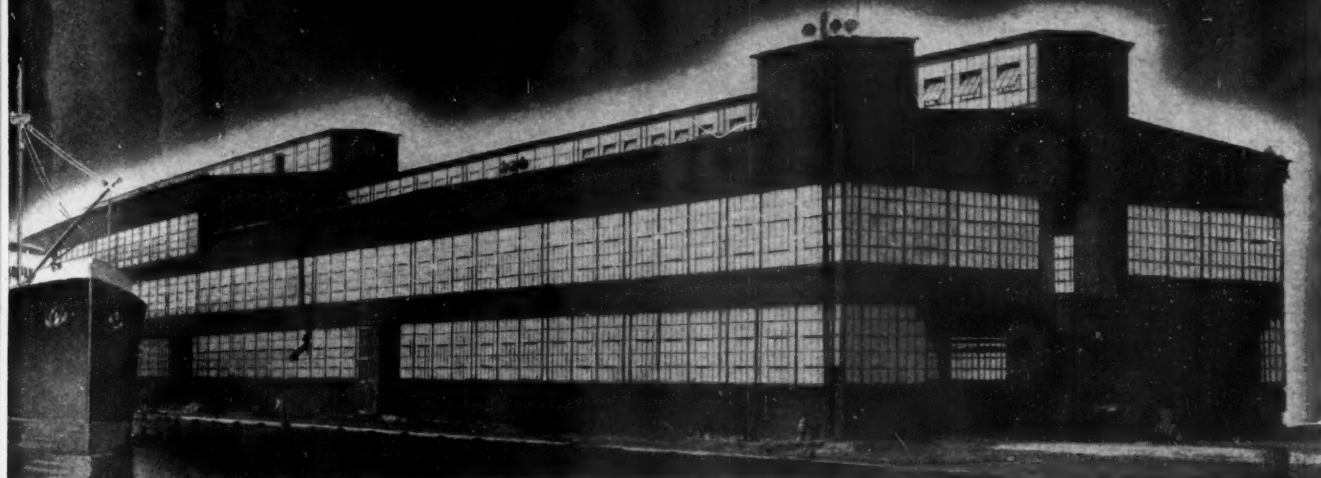
Executives of Reid Murdock & Co., Chicago wholesale grocers, are enthusiastic over the results accomplished by a tri-motored Ford plane fitted as a traveling show room containing more than 200 samples. An assistant sales manager accompanies the ship on its travels.

Another flying display room is maintained by the Roper Gas Range Company of Rockford, Ill. The "Flying Chef" with two culinary experts aboard makes frequent trips distributing leaflets from the air announcing a cooking exhibition to be given at a specified time in one of the Roper dealer's stores. The plane also carries two or three of the most popular models of ranges.

Any attempt to give even an approximate list of the business organizations using planes as the "sword arms" of their sales campaigns is impossible. Several sales managers of airplane companies have said, however, that one-third of the total sales of planes in the United States, approximately 1,500, went to commercial and business houses and that the remaining 3,500 were absorbed by commercially operated passenger and freight lines.

Using these statistics as a basis it would seem that, so far as America is concerned, the ratio between actual flying and conversation has undergone a vast change, and that, while air conversation is on every tongue, the earnest desire for complete and early victory over the air is in every heart.

LIQUID



EVERYONE in business nowadays knows the danger of "frozen assets."

Everyone tries to keep capital pretty much in a "liquid" condition. Ready to meet shifting times, and changing conditions.

Only recently have men realized that the same condition applies to their buildings. **THEY** must not be "frozen assets." They must be liquid. They must be ready to meet changing times.

Take the building illustrated here. It is of light construction, yet permanent in every necessary respect. It is splendidly adapted to the work that is carried on in it. **BUT . . .** if some invention tomorrow should change the nature of that business, or force it to scrap its present processes, this building would not be a "white elephant" on the company's hands.

It could be made over, with little cost, to fit the new processes. Or to fit an entirely new business. Or it could be

taken down, and re-erected elsewhere. That's "liquid assets!"

Could that be done with the heavy-construction buildings that everyone used to go in for? Not at all, and that's why that type of construction is passing out.

Corrugated steel made it possible for business men to build the light, adaptable type of building which is really a liquid asset. The Robertson process of preventing rust and corrosion in corrugated metal made it safe to put up that kind of buildings . . . made it possible for buildings like that to last for years and years without paint or repairs, without replacement or other expense.

If you are planning an industrial building . . . or if you have a building which requires painting or repairing or maintenance . . . let the Robertson engineers suggest how this modern, light, adaptable, truly economical material can save you money. Send us blueprints of your buildings. It will cost you nothing.

H. H. ROBERTSON CO., PITTSBURGH

ROBERTSON



Business Lawmaking as I See It

(Continued from page 47)

of unfair competition. The time may come when selling below cost, even through ignorance, will be made positively unlawful, save in a comparatively few instances, such as the reduction of surplus stocks where the necessity for the practice is generally recognized.

Such a regulation would seem at first to be extreme, but it is probably in keeping with the fundamental principle that one may not so use his property as to inflict unnecessary injury on others.

Another essential interest of the trade association is public relations. Important industries have points of contact with virtually all government agencies, both state and national. They are affected in many ways by the legislation Congress and the state legislatures yearly grind out, as well as by the incredible number of regulations annually promulgated by the executive and administrative branches.

Where Organization Helps

THE right to petition the Government for protection and redress is one of the most sacred vouchsafed by the fundamental law of the land. It may often be exercised through trade organizations more effectively than by individual action. Scores of trade organizations maintain offices and representatives in Washington to see that the interests of the industries they represent are properly safeguarded.

These representatives can place important facts of the industry before government agencies so the latter may act advisedly.

The organization secretary can demand information from all members as a matter of right and present to the Government not merely the situation as to individual members but complete data as to the entire industry.

But the trade association's most important contact with the Government is in promoting self-regulation. Here the Government and the association are working on common ground to encourage regulation by the industry itself, if possible, but with government assistance, if necessary.

It is highly desirable that industry proceed independently of the Government in such undertakings as far as practicable. But the weakness of this character of self-regulation is that the standards of conduct prescribed have no positive sanction beyond the fact that one who violates them will merit and receive the scorn of his associates. The obligation to observe standards worked out in cooperation with and approved by the Government generally will be re-

garded as more binding, even though unenforceable as a matter of law.

Opportunity for such cooperation with the Government is offered by the Federal Trade Commission through the medium of the Trade Practice Conference.

Here at last is a species of regulation which is not imposed by the Government on an unwilling and helpless industry. A conference is granted only on the petition of a majority of an industry and the formation and adoption of a code is left to the industry, except that resolutions involving possible infractions of the law may be modified or rejected.

Practically every Trade Practice Conference has the good will and support of a trade association.

Some 50 Trade Practice Conferences have been held with varying degrees of success. For the most part the practices prescribed at the conferences have constituted unfair methods of competition within the meaning of the Federal Trade Commission Act as construed by the courts.

When such resolutions are violated the Commission proceeds against the offender not for infraction of the resolution but under the organic act. Resolutions covering practices which do not violate the act within any previous interpretation generally are not approved by the Commission, but are received as "expressions of the trade." It is greatly to be regretted that the status of resolutions of this class has not been judicially defined.

Codes of business practice can and frequently do take a wide range and vary as do the details of the various industries. Sixteen trade abuses are listed by the Department of Commerce in a volume on trade association activities as common to practically every industry. The real difficulty with these standards is that they are too often drafted in broad terms to allay the fears or overcome the opposition of particular groups. As a result they are too general to be effective in eliminating trade abuses.

Dangers of Generalities

CODES so framed and adopted constitute a mere gesture, and in the long run may give rise to more disputes than they settle. Before adopting a code the members of an industry should decide definitely and specifically the practices they intend to proscribe, and then declare against them in terms that cannot be misunderstood.

The Trade Practice Conference is too new to have received the attention it deserves, but it has done more than the

decisions of the courts to dispel the dangerous twilight zones of the law.

The fundamental policy established by the acts the Federal Trade Commission administers is unrelenting warfare against unfair methods of competition and restraint of trade. Officers sworn to uphold those laws cannot modify or deviate from the policy they prescribe. If the requirements of the law are too exacting or oppressive, application must be made to the legislative department for their modernization or repeal.

The Federal Trade Commission, as an administrative agency created to enforce the law, cannot substitute its judgment for that of Congress as to the wisdom of the laws under which it operates.

The Commission is a novel experiment; the acts it administers are general and even vague in terms. Precedents and even analogies are lacking. The existing rules and procedure represent a gradual evolution entailing much thought and experimentation by the Commission and its staff.

The Federal Trade Commission, more than any other government establishment, has suffered from a plague of interpreters, both from within and without. Every self-appointed spokesman and prophet has sought to paint the Commission as he would have it.

Judge It by Its Actions

BEWARE of these prophets and expounders of the Commission's policy and judge the Commission not by what is said about it but by what it does.

In its cases of unfair competition the Commission has been clothed with quasi-judicial powers, which must be exercised judicially if the Commission is to command the confidence of the country. On the investigative side the work must be and generally is thoroughly and scientifically done. The policies of the Commission in administering the law, like those of a court, should be gleaned from a study of its decisions and acts.

Results of such a survey will show that extreme views almost invariably are minority views; and that, so far as a policy may be deduced from majority action in concrete cases, it more nearly resembles a middle-of-the-road policy than any other.

From the standpoint of business generally even casual observers must notice that distinct processes of stabilization are at work in both industry and finance. There are many reasons for this, but chief among them are wise banking legislation and the legitimate activities of trade associations. Another substantial factor is the standardization and grad-

ing work promoted by the Departments of Commerce and Agriculture which gradually is reducing the aggregate of inventory losses.

The public policy of the United States as gleaned from the statute books, is summed up in the formula "competition at home, combination abroad." The anti-trust laws, while prescribing free and open competition in the domestic market, encourage combination in the export trade.

The formula is ideal. Competition in trade and commerce to the water's edge spurs efficiency and protects our own citizens. Combination in the foreign trade meets the challenge of the state monopoly, the *comptoir* and the cartel.

That it is successful is attested by the ever-increasing volume of our foreign trade, which is due not merely to combination, a privilege accepted by surprisingly few industries, but to the salutary policy of competition which has kept American industry efficient and alert and has protected it against the mummifying effects of unified operation.

Other Distinguishing Policies

MOREOVER, there are other policies which distinguish the United States from the nations which allow to their industries unlimited right of combination, and such seem to me to justify our policy of free and open competition. It has been this country's policy to develop quickly its natural resources by encouraging manufacturers through a protective tariff. The primary purpose of the tariff is to give to the protected industry the benefit of the home market.

The corollary of such a policy is that the industry enjoying such protection should not be permitted arbitrarily to exploit the people, and the safeguard against such exploitation is competition.

Therein lies the difference between the United States and England which has no antitrust statute but relies on the limitations of the common law as applied in civil proceedings. England is practically a free-trade country, open to competition from all parts of the world, so that domestic producers cannot exploit the public for any great period.

Of the policies of Germany, France and Russia, nothing need be said, because economic and political conditions in those countries are so different and the degree of interference with what in this country is regarded as private business is so much greater than the people of the United States would tolerate.

The old order changeth and economists and statesmen today recognize that our prosperity cannot be maintained on principles of jungle competition.

Is it going too far to say that the choice is between an enlightened competition, such as I have outlined, on the one hand or a degree of public regulation approximating socialism on the other?

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So This Is America!

(Continued from page 16)

the West and put in a little time digging for gold. Not so good. More gold is to be found under cobbles than on the tundra. Yet that year in the West helped him to see.

That West feeds the East, but it is in the East that most of the construction work is done.

Went Years Without Borrowing

HE financed his first subcontract with money he had saved. Not yet had he learned that money may be borrowed at banks by honest men who know their business. No one had told him such a thing in Ireland. It was 12 years before he borrowed a cent.

"I owed money, mind you. Tradesmen trusted me for supplies. I owed Old Man Story as much as \$5,000 once."

Old Man Story was a down-east Yankee. He took no chances with his money. He told McGovern afterward how he suffered when McGovern owed him that \$5,000. Yet he never really worried, for he had watched McGovern.

"You went home nights," he said, "and stayed there until it was time to go to work again. You were a good risk."

McGovern's judgment was right. The country grew. No land this to be tied by little men into little ways. There's no limit to it, he thinks. He can see more work ahead of him as long as he lives. By that time the country's needs will be magnificently greater. He built part of the Boston subway. He built the Philadelphia subway, which was the greatest subway job on record at that time. He built the Fifty-third-street subway under East River, tunneling under cathedrals and churches and theaters and tall houses.

Always he kept a step ahead of his rivals. That's his secret of success. He said he would run trucks into his subway jobs. His rivals said he was silly. He ran trucks in, swung laden bins of rock aboard and ran them out again on ramps. Costs cut, time saved. Fifty-five years old and he went under the air every day he was needed there. His men swore by him. They swore at him, too. He swore back.

Another contractor lost a million dollars and quit on the Rockaway Causeway. He said it could not be built according to specifications. The plans must be changed. No one could drive 50-ton concrete piles through 20 feet of water into 20 feet of sand. Anyhow, they broke in two. Everything was wrong, ill-planned, unfair.

McGovern put 14 piles in place in a single day. They will be there until the Rockaways curl up like a mapleleaf. McGovern made money out of the job or he did not make money. I do not know. No doubt he did. He plans to make money, of course. But what he really likes is to do

something that demonstrably, obviously, certainly cannot be done.

"But this is romance," I said. I meant it. I had listened to his plans for the New York aqueduct. "It's drama."

"Well," said McGovern, slowly, "you're right. It is drama. That's what keeps me at it. It is the greatest game in the world."

"Have you ever seen another man's job you liked better than your own?"

He misunderstood me at first. He had seen many another man do a job he would be proud to claim for his own. When the question was cleared up he nodded:

"I wouldn't be anything else than a subway digger. It's grand. You're always—excited."

That's fairly easy to understand. That aqueduct contract for which he has been held by two courts to be the successful bidder will be the greatest in the world. It will be 24 miles long. At an average depth of 650 feet, a 20-foot bore will carry water under pressure from the high hills. The contract price was—I believe—\$24,000,000. McGovern did not talk money. But his contract time is seven years and he wants to do it in four. That is the triumph he anticipates—to do something in time that no other man could tie.

"Twenty years ago that job could not have been finished in 25 years."

He's a genius, maybe. His engineering education was at the end of a pick and he puts the best engineers on his jobs and his figures are likely to be more nearly right than their figures. He short-cuts, uses new methods, is never bound by convention. He does not see himself as a genius. He merely sees a little farther and deeper, that's all. Perhaps that is all genius is.

The men who will travel his subways and the men he will supply with water will, some of them, live in Benjamin Winter's houses.

Winter is a sturdy, broad-cheeked, active man from Lodz in Poland, not yet able to handle the "w's" and "th's" of English with certainty; likely to mispronounce some of the words he has read in books when he tries to tell what America means to him; stilted and awkward when he yields to that emotional urge which is his Jewish heritage. But sincere.

Escaping the Pogrom

WHEN he was a little boy in Lodz, he could not understand why his people were ill-treated. Little Christian boys threw rocks at little Jewish boys, called them names. Jewish men and women were abused on the street. When he was eight years old a hurried messenger came to the school. The teacher turned pale.

"Go home," he said. "Go home by the back streets. The Christs are killing us."

The pogrom raged two days. The little boy cowered in the blackness of his curtained home, hearing the roaring of the mob, listening to the beating on the door. One-fifth of the Jewish population of Lodz was killed or injured. The little boy



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Every industry has the opportunity to prosper here. The building industry has an *unusual* opportunity. Many building products can be made here under unusually favorable conditions.

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could not understand, but in him was born a determination to get away. When he was 18 years old the other members of his family went to New York. In time his father sent for him. The steamer ticket awaited him at Rotterdam.

The first time he tried to smuggle through the frontier every penny of his money was taken and he was turned back. The wrong soldier was on guard. The second time he rode on a market wagon to Breslau in Germany—under false papers. For six months he wandered through Europe toward Holland, working when he could, starving part of the time. His father met him at Ellis Island.

"Rest up this week," said his father. "Next week we'll find you a job."

"Tomorrow I go to work," said he.

He had not a word of English. At 4 o'clock the next morning his father walked with him through dark streets to the *World* office. In the help wanted columns they found advertisements for painters. No one could go with him. No one had time to spare from the struggle for that day's bread. The father gave him a nickel, put him on the subway, told him at what station to get off, what turns to take, at what number to find the advertiser. He had been drilled in one sentence.

"Do you want a painter?"

If the advertiser had said "yes" or "no" he would have understood. But the advertiser said something else. A long, frightening, incomprehensible sentence. The boy was helpless. Then he put on his overalls and took out his brushes and it was all right. He could go to work. The dollar a day barely paid his living expenses. He dickered with the landlord to paint three rooms for \$2.70. The landlord had heretofore paid \$3.00. He worked before dawn and after dark. The day was given over to the necessary dollar. Presently he hired a man to help him. Then another. In the end he had a gang.

He was not getting ahead. Making money, yes, a little money. But there were so many who needed help. That pogrom in Lodz and those months of half-starved tramping through Europe had left a mark upon him. He could not resist the needy. Even today his favorite club is the Lodzer Young Men's Association. In 24 years he has not missed a weekly meeting. The Lodzers help those who must have help.

He began to see, just as Patrick McGovern began to see.

Finding a Profit in Paint

AN apartment house was half empty. He took it over from the landlord on spec. In 13 years he had saved \$1,000. Half of that went up as a bond. The other half he spent in soap and fresh paint. In six months the house was full. Winter had foreseen that the landlord would sell when this occurred and had inserted a clause on the agreement which gave him a bonus. No one had thought of doing that before.

The \$1,000 profit seemed all the money in the world. Eleven years ago he bought his first bit of real estate. His vision had become more clear. This is to him the land of promise. New York is its greatest city. In New York the greatest street is Fifth Avenue. He can foresee the day when that belt of land reaching from river to river between Fifty-seventh and Forty-second streets will be high with towers. There is no end to the building.

"We do not wear out buildings. We tire of them. We Americans will have nothing but the best. Our buildings must be taller, finer, our subways faster, our trains more luxurious. Our architects finish plans for the finest building in the world. Then they set to work on plans for a finer building. Growth is the order and change."

The Price Always Goes Up

HE has been the most spectacular real estate operator in the world, perhaps. In 11 years he has bought and sold again half a billion dollars' worth of Manhattan land. The Vanderbilt mansions, the Astor house, the Temple Emanu-El are a few of many. He has always paid the highest price in history. The price always goes higher. The supply of land is limited. It is the one thing people must have. They will pay. Yet he does not think of himself as a leader. His gnarled sentences make one feel that a monster is pressing on New York's heels. A monster of constant growth.

"No one leads in New York. The most that any one can do is to run fast enough to keep up."

He has gone a long way since the days when Andrew O'Brien, his Scotch-Irish partner, grey-eyed, quizzical, raced in one direction collecting rents while Winter raced in another. At noon they met on the bank steps. If they were lucky they could meet the overdraft. They always made good, somehow. The bankers always believed in them and helped them. Their plans grew always larger. The city was tramping hard behind.

Winter would not call himself a genius. He will tell you that he worked hard. He is proud that he saw the market value of soap and paint in the slums before the New York landlords saw it. But he would not call himself a genius.

The most he would claim is that he had a vision of what this land is and will be. Just as McGovern saw the need for more tunnels and more subways and more aqueducts. They see more than that, too, and better. They see the unquenchable optimism of America, its freedom from the ties of caste and religion and race, its love of beauty, its fine belief in honesty and industry, in all the good old rules of conduct that petty people would tell us have been discarded.

All that they have seen has been waiting for the rest of us to see. It is still there to be seen.

A West Point for Business

COLLEGES and universities from time immemorial have specialized in training men for the arts and professions, and the business world has been allowed to go it blind in training executives. The time has come when the school of hard knocks is insufficient to make great business leaders."

Thus spoke Frederick C. Austin, Chicago capitalist, in explaining his gift of the F. C. Austin building in Chicago, valued at more than \$3,000,000, to Northwestern University. This was only the initial payment of a contribution which eventually will approximate from \$7,000,000 to \$10,000,000, with the possibility of the figure running even higher. The gift is to be used for the training of future business executives.

"There is as much technique to business as there is to any science," he continued. "My holdings shall go to launching a nation-wide movement in education not only for developing the executive abilities of youths but also for training them in the science of leadership.

"My plan is to have five men chosen for the scholarships in each of the first five years. Each man will be given the four-year course to be provided by Northwestern University under the terms of the gift. He then shall have a year of travel and study abroad to acquaint him with world conditions, markets and people. He will then be ready for business.

"After the five years of pioneering, the University will be ready to receive as many men as the \$200,000 annual income from the initial gift will permit—probably a hundred men a year. Ultimately, I hope my contribution will be sufficient to care for 300 to 400 a year."

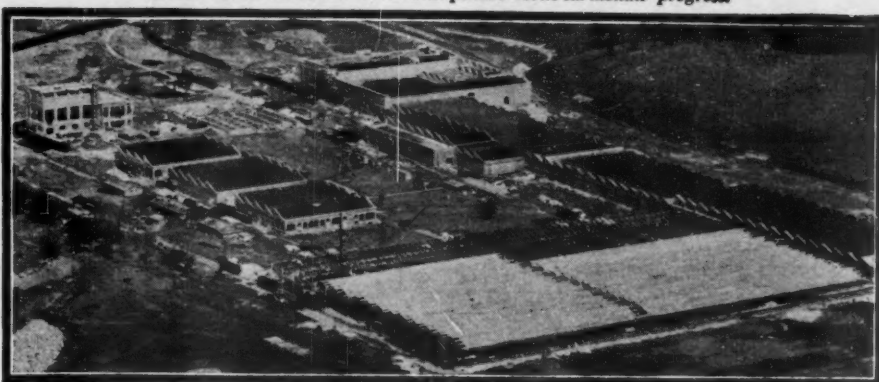
"The University regards this gift of Mr. Austin's as one of the most valuable it has ever received," said President Scott of Northwestern University.

"Mr. Austin is convinced that in future generations the greatest form of human activity will be in business. He has in mind primarily manufacturing and finance, but he also recognizes the importance of all other phases.

"Up to the present time relatively little thought has been given to methods of either selecting or training future business executives. Much time and thought must be given to formulating plans for selecting candidates for scholarships and even more attention must be given to the type of training that will best meet the needs of each individual."

Mr. Austin, who is himself a graduate of the school of hard knocks, says that business has progressed too far in its technique to be mastered by merely zeal and native talent.—EDWARD F. JERN III.

The American Enka Corporation's \$10,000,000 rayon plant at Asheville, N. C. Contract signed Sept. 23, 1928. Engineering started same day. Foundation work started Oct 1. This picture shows six months' progress.



WHEN officials of the American Enka Corporation came from Holland to establish their \$10,000,000 rayon plant in this country they chose Ferguson Engineers to design and construct the buildings. **Q** Their choice was based upon unqualified recommendations from a number of great industrial concerns, previously served by Ferguson.

IF you feel that your problem is just a little different, just a little more difficult than most—you should have the kind of engineering and construction work that stands investigation. A phone call, a wire, a letter will bring a Ferguson executive to your office to your convenience.

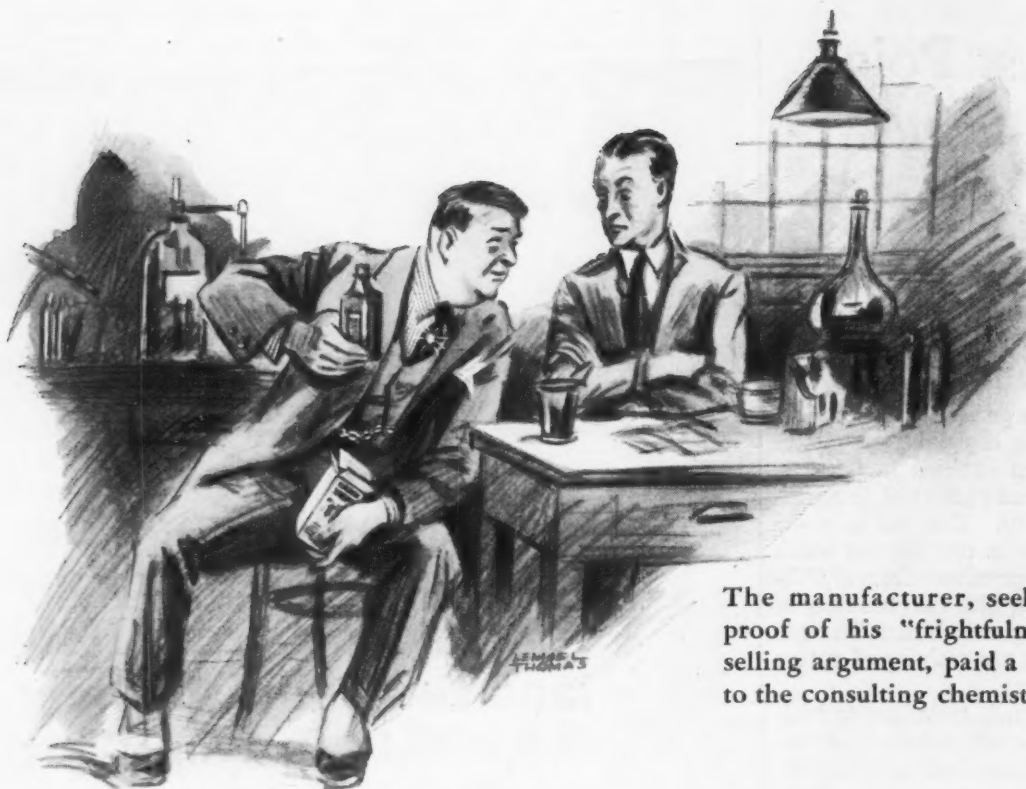
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The manufacturer, seeking proof of his "frightfulness" selling argument, paid a visit to the consulting chemist

Chemist, Scare My Customers!

By ARTHUR R. MAAS

Consulting Chemist, Los Angeles

THE consulting chemist sits in his laboratory, listening to business people who bring him their problems, and it is a rare day when some business man doesn't come and say, in effect, "Help me to find a way to scare people so I can sell my product."

He wants from the chemist an analysis, or an opinion, or a statement that will make people afraid of the water they drink, the food they eat, the invisible germs lurking all around. He hopes that the people who read this warning will hasten out to buy his product that they thus may be saved from the danger he has invented.

The chemist knows there is no such danger. The water is splendid to drink, the hearty meal may be devoured with a good appetite, and the germs all around us are more likely to be helpful than harmful.

"Is it right—this use of fear in selling things?" the chemist often asks himself.

I, for one, have concluded that it not only is not right but that it isn't even good business.

I cannot think of a large or lasting business built on fear salesmanship, though at least one was handicapped in its early days because it was based on the greatest

possible fear that can come to any human being—that of death.

The life insurance business was founded to deal with this fear, and as long as it was

associated with fear, insurance was hard to sell. People thought that insuring their lives had some dim connection with the Dread Enemy they sought to evade.

But as life insurance has been improved away from the idea of death and adapted to so many everyday uses of living people it has become popular and the results are seen in the enormous amount of insurance carried by the American people for business protection, education, old-age income and other purposes that have little to do with fear.

A Trail to Trouble

SO it seems that the selling possibilities of fear are limited and the fellow who thinks out his sales problem no further than the fear argument is not a good salesman. He is on a trail that probably will lead to assorted troubles and is quite likely to overlook selling points that, though less sensational, would wear better because they are true.

There was, for instance, a



These fears were met by science so that today nobody fears a can of tomatoes

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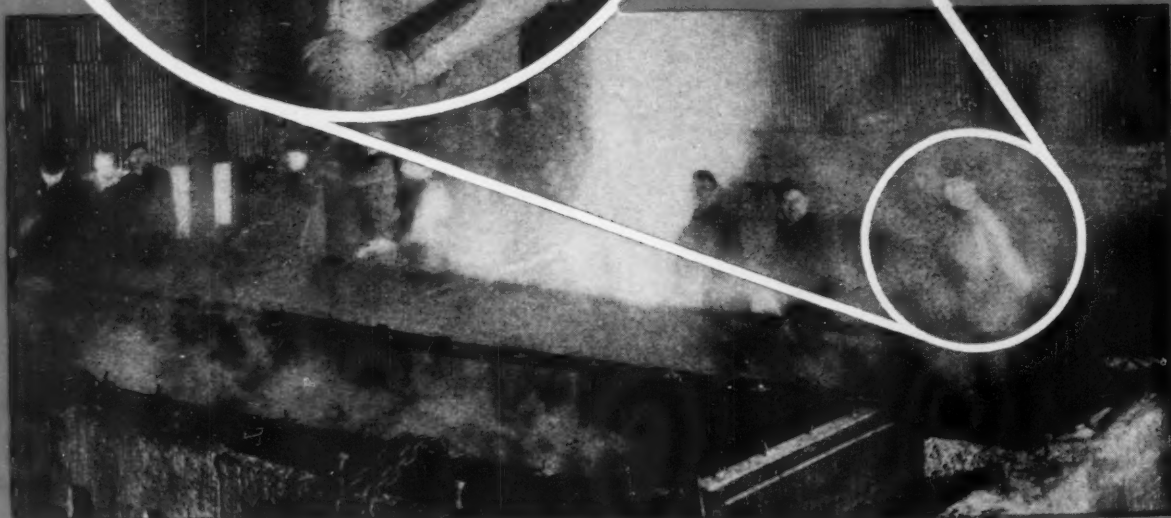
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"Me, I'm sick," grunts Tony. Of course he is—breathing fumes over a pickling vat. "Why don't they get some air in here?" complains a worker whose lungs are filled with dust from the grinders and bad air from the machine shop.

And so it goes! In industries that have "steam" processes, "pickling" vats, machine or forge shops, grinding and welding departments, or in plants where terrific heat, gases and fumes are prevalent, men can't work and stay well without proper ventilation.

In offices, stores, restaurants, theatres and similar places where people work or gather, the

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manufacturer of filter apparatus to clean city water of suspended matter it often contains.

Now city water in this country is always good to drink. Even when discolored with suspended matter brought down by rains, it is free from disease germs. City authorities watch that and kill the germs by chlorine or some other treatment. The sickness and death list from water-borne diseases in the cities of this country is small—and caused by other factors.

In the country it is absolutely right to be on your guard against water but in any American city you may drink from the tap in confidence.

The suspended matter in a certain city was just dirt; soil and leaf mold and microscopic forms of bacterial life which had been done to death by the city health authorities, but the filter manufacturer's salesmen told customers that his apparatus removed "germs," and also took out "alkali."

The Better Business Bureau questioned these statements. The manufacturer was asked to prove that what his salesmen said was true. A sample of city water run through his filter was submitted to chemical analysis.

The chemist found just as much alkali in the water after filtering as before because it was in solution and no filter would remove it. The alkali was harmless, anyway. This filter did take out suspended material, but there were no dangerous germs to be removed.

The manufacturer could not prove his arguments before the Better Business Bureau. The city authorities were hostile because he was making false statements about their water supply.

The chemist found in this case that the filter made city water clean by taking out the suspended matter; that it had a cooling attachment which made the water pleasant to drink; and filtered city water is cheaper than bottled water because the cost of distribution is eliminated.

So there were three true arguments for this manufacturer's device in place of two false ones and by using them he would have kept the good will of the city authorities.

Frequently the chemist thus can point out scientifically sound selling arguments not based on fear but which have the greater virtue of truth.

A certain mouth lotion was marketed with the claim that it killed dangerous germs and also cured nasal disease. Considerable "frightfulness" was employed in the selling argument.

Uncle Sam's food and drug officials

challenged these statements and the manufacturer came to the chemist for proof to back his selling argument. There was no proof. His product did not cure disease and if it had been strong enough to kill germs in the customer's mouth it would have damaged tissue.

But the chemist found that it had merits as a cleanser and as a gargle, points for selling arguments that were honest and, in the chemist's opinion, more effective. However, it is not the chemist's job to reason with business men about their policies. All that is wanted from him is exact measurement of substances in the form of analysis and formulas. Just how these measurements will reach the public depends, the chemist finds, on who gets them.

They Use Fear as a Weapon

JUST now new discoveries are causing upheavals in business. Old products are being affected by new. It is a time of great difficulty in making adjustments. Concerns with new commodities that displace old and also those who are fighting to keep customers for things that have dominated the market are using fear in their fight, along with legitimate selling arguments. Any scientific stick to beat a dog



They want to make you afraid of the food you eat, of the invisible germs that lurk all around you

seems to be the common rule of the game.

"Give me something scientific," says the fear monger, "to throw a scare into people so they will be afraid to buy my competitors' products."

The product contains, we will say, slight percentages of iron oxide, magnesium sulphate and sodium chloride—about a teaspoonful of all to 100 pounds of the ma-

terial. People have been eating this material for centuries never suspecting that it contains harmful substances.

The competitor can take this analysis and show that iron oxide is rust, magnesium sulphate is a purgative and sodium chloride has the property of killing certain forms of life. That sounds bad—put it dramatically and it could be made to scare people.

The manufacturer, on the other hand, with the same analysis, can show that iron oxide is a necessary constituent of the blood; magnesium sulphate is just our old friend, Epsom salts, and sodium chloride is common salt. That looks safe enough.

One way or the other, these things are present in such tiny quantities that nothing really can be proved by either side. Both concerns are constructing elaborate fabrications, using as a basis the everyday things of chemistry under their technical names.

Much of this is done by imaginative fellows who plan advertising and selling campaigns. Frequently they involve not only the chemists but other professions as well.

We see a great many advertisements in which the public is warned against various dangers and told that Blank's preparation is the stuff to prevent them. Then, as a sort of clinching argument, it is told, "Ask your physician," or, "Your dentist approves this product."

Unethical, if not Illegal

THE doctor and dentist are pictured, scientific-looking and serious. Sometimes the chemist is pictured, too, generally with luxuriant whiskers and a laboratory fitted up with apparatus such as the alchemists used in the Middle Ages.

On artistic grounds alone we are all being libeled.

But the use of professional men as dummies to convince the gullible that these commodities have scientific merit and that the "frightfulness" arguments by which they are exploited are scientific truths is, it seems to me, unethical and fit to be declared illegal.

It is already arousing the doctors, dentists and the professions generally. So the

business man who resorts to fear as a selling argument is following a policy which will eventually be challenged.

Fortunately, all business concerns are not like this, and business men themselves are most active in combatting the use of fear in selling.

The Better Business Bureaus of the country were organized by business men



CHRYSLER'S MASTER CARBURETOR

IN Chrysler's motor block testing department hundreds and hundreds of motors receive a four hour test. To insure absolute duplication at each motor Chrysler engineers selected the Improved Kemp Automatic Gas System to supply fuel to the motors. City gas is used. Gas and air is mixed in the most suitable proportion in the Kemp System at one central point and through a single pipe to each motor. No mixing at the blocks. No chance for error. Every motor receives the same fuel as Kemp acts the master carburetor for the entire Chrysler motor block testing department. Kemp has improved working conditions—reduced fuel costs—improved the condition of the motors at Chrysler. In fact down thru industry after industry the exclusive features of The Kemp System have brought many exclusive methods of gas application and process heating with phenomenal efficiency.

What the Improved KEMP SYSTEM Can Do For You!

Your free copy of illustrated book explaining advantages of Improved Kemp Automatic Gas System is ready. Just send your letterhead—no obligation.



When writing please mention Nation's Business

who value truth in advertising. Realizing that the quickest way to be found out is to put your falsehood in print, and that when the public discovers false business statements it will suspect truthful advertising, these Bureaus, working under state laws, keep an eye on advertising.

Selling claims are watched, commodities are analyzed and, when falsification is found, steps are taken to have the claims changed, or to prosecute violators of the truth-in-advertising laws.

Specifications Help Trade

THE United States Government has set up a large number of official specifications for materials and commodities of many kinds, defining them in standards that leave the falsifying seller absolutely no hocus pocus with which to fool or frighten his customers. Honest business concerns are discovering that these government specifications have great value. They leave the dishonest seller with nothing except what he can put on the scales or submit to the yardstick, and when adopted by the honest concern they abolish a lot of costly sales jockeying and enable the squareshooter to build his business on integrity and confidence.

Uncle Sam is constantly providing more of these specifications, and farsighted business men are urging him to go further, and establish stricter legal standards.

An interesting example is found in canned foods. These are wholesome foods, but they have had a long history of fear competition. Appert invented the heat preservation process more than 100 years ago. For 50 years, canned foods were under suspicion simply because they were new and unfamiliar.

Our Civil War gave them their first popularity, when they were used by the

soldiers. After the fear of strangeness disappeared, people were led by competitors of the canner to fear the tin on the can, the solder used in making old-style cans, the acid flux necessary in soldering, and so on. These fears were met with scientific knowledge, so that today almost nobody fears a can of tomatoes or corned beef.

But when the vitamins were discovered and the public took a great interest in them a new basis for fear selling was given those in the food trades who like to sell that way—the fear that a given commodity, like canned foods, might be deficient in the invisible vitamins.

That has been pretty well settled by research instituted by the canners.

Now it is discovered that canned foods are hampered by a form of misbranding, by which the consumer cannot tell what is inside the can, in the matter of quality. High grade fruit and second and third qualities may bear the same sort of labels, under the present law.

Understand that the federal food laws prohibit adulteration, use of harmful chemicals, and similar practices, but the quality of the food is not required to be stated. The canners are working for a federal branding law to require proper labeling as to quality.

In other words, everybody is to put his cards on the table, and Uncle Sam is to be the umpire.

Fear-selling, as the chemist sees it, is largely another form of adulteration and short weight. The business concern that resorts to it puts one thing in the package and a lot of imaginary claims and bogus science in the sales argument.

It never has succeeded for long. Truth is mighty, and can be depended upon to prevail. Scaring customers with fake science is the best possible way to wean them forever when they learn the truth.

The Navy's Pilot Talks Business

(Continued from page 22)

can wisely attain. Beyond a certain point, increasing the student body would necessitate doubling the educational plant. That would be expensive."

Secretary Adams comes to Washington as the New England member of the Cabinet, and he has faith in the future of New England, based on a knowledge of business conditions in that section.

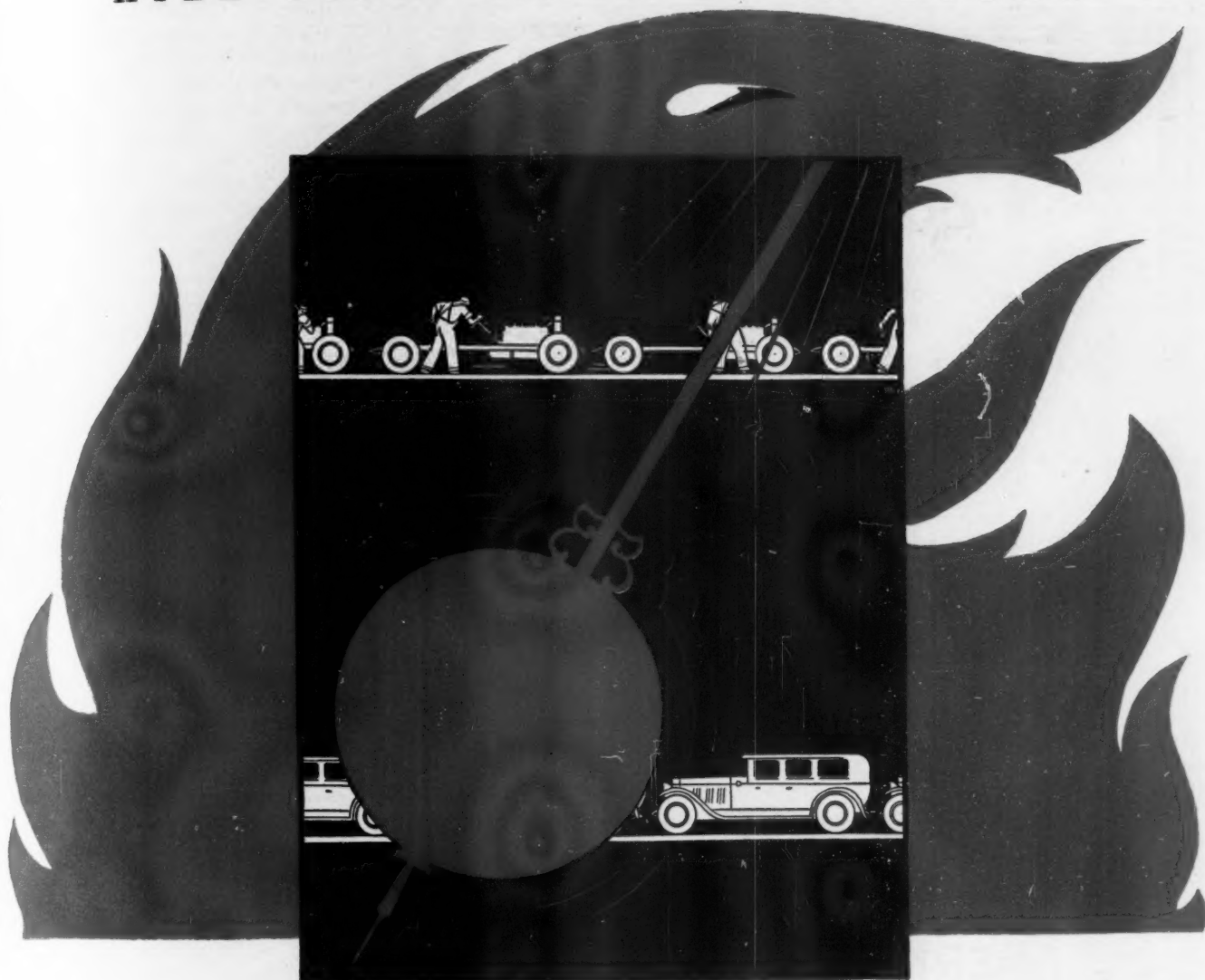
"Notwithstanding the great changes that have taken place in 30 years or so, it is doubtful if there has been serious decline in the industrial importance of this section as compared with other sections of the United States. Some of our industries are having a hard time, as, for example, the textile industry. But the threat to New England as a whole is not so formidable as it might seem to be. If here and there a textile mill has ceased operation, or has

gone south, other smaller industrial units have taken its place. In the aggregate, the smaller units have about made up for any losses which may have occurred in the larger units.

"New England has to overcome certain natural geographical handicaps. These handicaps she overcomes by the skill of management and the technical training and skill of her industrial workers. New England has turned from the industries of mass production to those of a higher grade, where specialization and technical skill win their rewards. Technical skill and efficiency of operation are the two big contributions New England is making to the industrial life of our country.

"All that New England asks from the rest of the country is a fair understanding. Each section has its own individualities, which other sections are likely to

KILL FIRE WHILE IT IS YOUNG



Guarding against fatal interruption

The unsleeping, always hurrying automotive industry! Raw materials rushed in today emerge tomorrow as finished, glistening, mile-eating cars! In such a fast-moving, time-consuming industry *Fire is a fatal interrupter*—for cars must go out today and tomorrow and tomorrow's morrow, or another make will be bought—another's stock will be high!

Automotive industries *dare* leave nothing to chance! So, *two-thirds of all automobile, truck and tractor plants in the United States are protected by American-La France and Foamite equipment.*

It's easy enough to buy a "fire extinguisher." But "Correct Protection" means

more than a few extinguishers bought to reduce insurance premiums!

American-La France and Foamite Protection is a complete engineering service that assures Correct Protection. It includes three principles:

- First: A complete study of your plant and its fire risks by fire protection engineers.
- Second: Installation of proper and adequate safeguards.
- Third: Inspection and maintenance service by our engineers.

American-La France and Foamite experience in building fire-fighting equip-

ment covers 84 years. Products include every recognized type—from one-quart extinguishers to motor fire apparatus guarding 90% of American cities. With this background the recommendations of our engineers can be authoritative and unbiased.

A series of booklets describing this service and telling how it can protect your business will be sent without obligation. American-La France and Foamite Corporation, Engineers and Manufacturers, Dept. D54, Elmira, N. Y.



American-La France and Foamite Corp.
Dept. D54, Elmira, N. Y.

- ☐ Please send your booklets on Correct Protection against Fire.
- ☐ Have a Fire Protection Engineer call.

Name
Company
Town or City State

AMERICAN-LA FRANCE AND FOAMITE PROTECTION
A Complete Engineering Service
For Extinguishing Fires

The Great American COMPETITION

The Great American Competition is the competition of Brains. Not so much the brains of Genius as the brains of matured Vision, Judgment, and Understanding.

Back of all our material progress in business are these *mental* capacities—to see the need of better things, to sense the right, and to know how. In their fullest possession is a power that defies material competition. Between their grades of excellence is the great struggle—the Competition of Brains.

Among brains, the enlightening facts and figures of Modern Accountancy are recognized as stimulants to right thinking, quite as much as material factors in management and control.

ERNST & ERNST

ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

NEW YORK	PITTSBURGH	CLEVELAND	CHICAGO	NEW ORLEANS
PHILADELPHIA	WHEELING	AKRON	MILWAUKEE	JACKSON
BOSTON	ERIE	CANTON	MINNEAPOLIS	DALLAS
PROVIDENCE	ATLANTA	COLUMBUS	ST. PAUL	FORT WORTH
BALTIMORE	MIAMI	YOUNGSTOWN	INDIANAPOLIS	HOUSTON
RICHMOND	TAMPA	TOLEDO	FORT WAYNE	SAN ANTONIO
WINSTON-SALEM	CINCINNATI	ST. LOUIS	DAVENPORT	WACO
WASHINGTON	DAYTON	MEMPHIS	DETROIT	SAN FRANCISCO
BUFFALO	LOUISVILLE	KANSAS CITY	GRAND RAPIDS	LOS ANGELES
ROCHESTER	HUNTINGTON	OMAHA	KALAMAZOO	SEATTLE
		DENVER		

An Accurate CROSS SECTION

"I read Nation's Business promptly upon its receipt each month because it gives me the most accurate and interesting cross section of American business thought on current problems of business that I am able to get from any source."

L. B. LEIGH
L. B. Leigh & Co., Little Rock, Ark.

FORE!!

Stimulate Your Business with T-BOOKS



GOLF TEES in patented container similar to book matches. Your advertising message attractively displayed on cover. Every golfer must have tees.

T-Books Make Friends
Write for Samples and Prices

T-BOOK, INC.
153 W. Larned, Detroit, Mich.



regard as peculiarities. New England perhaps needs to understand better the West and the South, and the West and the South need to understand New England better, its problems, its point of view, and the contributions it is making to American business and industry.

"This is a big country, and we cannot expect that the various sections which make it up will always see things exactly eye-to-eye. After all, the real business of government is to reconcile diverse groups and sections, that each may work with the others toward the common goal. Brains, character and education, are the three foundation stones upon which the prosperity of New England has been built, and it is upon these three that my faith in the future of New England will continue to rest."

The Navy Department has always appealed strongly to Secretary Adams, for the blood of the sailor courses in his veins. As a boy of 12 he served his yachting apprenticeship, and in 1920 as skipper of the *Resolute* he successfully defended America's cup.

"An amateur yachtsman naturally feels a kinship to the Navy," he says. "We both love the same ocean. I do not know whether I shall be able to do much yachting but I am looking forward to spending some time at sea with the officers and men of the fleet."

One of Secretary Adams' first official acts was to dispense with the *Sylph*, the yacht assigned to the Secretary of the Navy.

"It was not well adapted for anything except the Potomac and it cost the Government \$60,000 a year. I did not think it worth the expenditure," he said in explanation of his action.

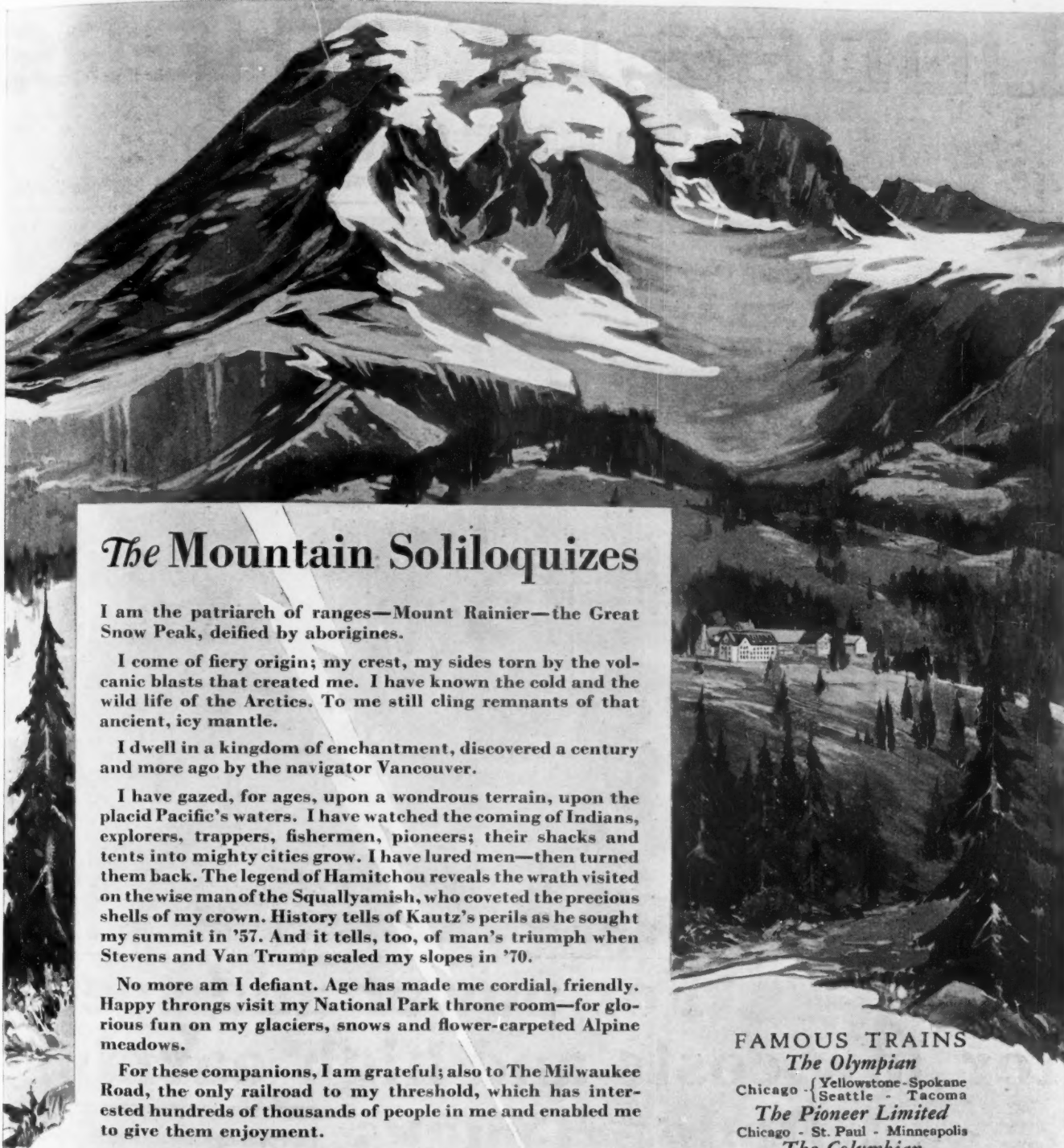
It was an application in a new field of the same business principles that have given Charles Francis Adams so notable a career in finance.

Radiant Roadsides

PERFECT pavements! Then, artistic cars! And now, radiant roadsides!

Thus the Vermont State Chamber of Commerce describes the three parts of the "Highway Crusade" and, in its special good roads bulletin, reports the results of its survey of roadside beautification. This survey, based upon correspondence from state highway engineers throughout the nation, reveals in detail the progress that has been made in the various states in this direction. While roadside beautification has been definitely undertaken by several state highway departments, lack of funds prevents others from taking any active steps.

In such states roadside beautification may still be achieved, the bulletin says, through "an S O S call to citizens' organizations."—P. H. H.



The Mountain Soliloquizes

I am the patriarch of ranges—Mount Rainier—the Great Snow Peak, deified by aborigines.

I come of fiery origin; my crest, my sides torn by the volcanic blasts that created me. I have known the cold and the wild life of the Arctics. To me still cling remnants of that ancient, icy mantle.

I dwell in a kingdom of enchantment, discovered a century and more ago by the navigator Vancouver.

I have gazed, for ages, upon a wondrous terrain, upon the placid Pacific's waters. I have watched the coming of Indians, explorers, trappers, fishermen, pioneers; their shacks and tents into mighty cities grow. I have lured men—then turned them back. The legend of Hamitchou reveals the wrath visited on the wise man of the Squallyamish, who coveted the precious shells of my crown. History tells of Kautz's perils as he sought my summit in '57. And it tells, too, of man's triumph when Stevens and Van Trump scaled my slopes in '70.

No more am I defiant. Age has made me cordial, friendly. Happy throngs visit my National Park throne room—for glorious fun on my glaciers, snows and flower-carpeted Alpine meadows.

For these companions, I am grateful; also to The Milwaukee Road, the only railroad to my threshold, which has interested hundreds of thousands of people in me and enabled me to give them enjoyment.

Visit the romantic Pacific Northwest. See Mount Rainier. Know the joy of Winter sports in mid-Summer. Wander in verdant valleys. Memories of the trip will never leave you.

For a copy of Mount Rainier National Park Folder, or any other information concerning this railroad, address The Milwaukee Road, Room 867-D Union Station, Chicago

FAMOUS TRAINS

The Olympian

Chicago - { Yellowstone - Spokane
Seattle - Tacoma

The Pioneer Limited

Chicago - St. Paul - Minneapolis

The Columbian


Chicago - { Yellowstone -
Twin Cities { Spokane -
Seattle - Tacoma

The Southwest Limited

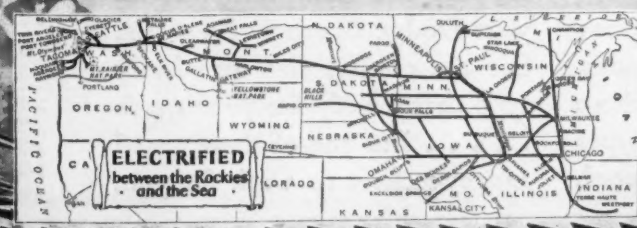
Chicago - { Excelsior Springs -
Milwaukee { Kansas City

The Arrow

Chicago - { Des Moines - Omaha -
Milwaukee { Sioux City



The MILWAUKEE ROAD



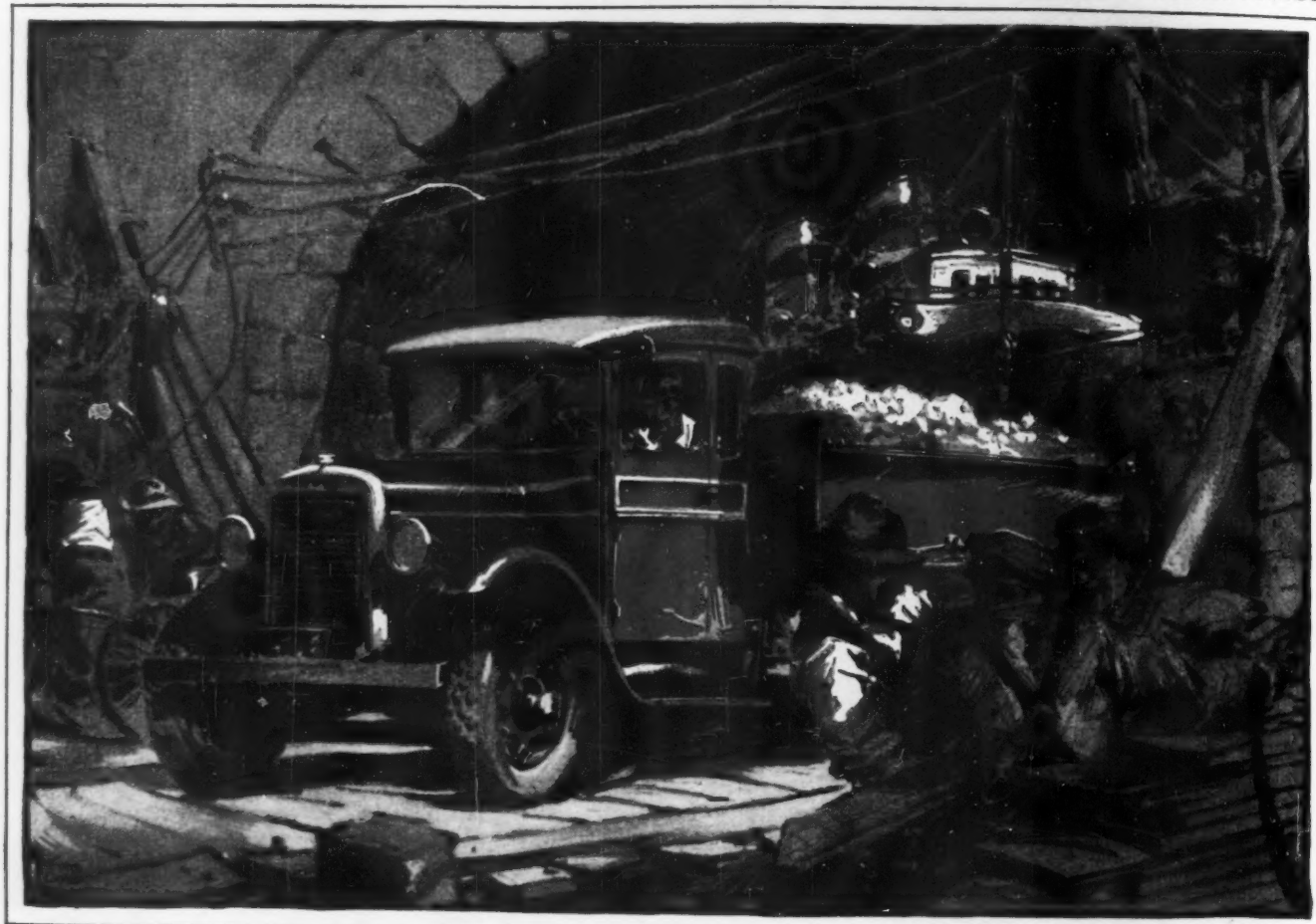
**CHICAGO
MILWAUKEE
ST. PAUL
AND PACIFIC**

When writing to THE MILWAUKEE ROAD please mention Nation's Business

DODGE BROTHERS TRUCKS



CHRYSLER MOTORS PRODUCT



**For power and speed,
for low costs and high earnings**
/ / / Dodge Trucks

YOU find Dodge Trucks at work on hauling or delivery jobs everywhere They are fast, powerful, rugged, dependable—a safe choice where truck investment is checked closely against truck earnings.

Operating costs are extremely low; service and repair parts readily accessible—always and everywhere—bodies and chassis built in types and sizes to fit your every need.

Only great volume production enables us to build trucks so good at prices so low Shrewd, alert purchasers buy more than a million dollars' worth every week.

Inspect the complete line at your Dodge Brothers Dealer's. See the chassis size and body type that exactly fits your needs Put one of these tested money-makers to work for you.

Formerly Graham Brothers Trucks

The complete line of Trucks, Buses and Motor Coaches manufactured by Graham Brothers (subsidiary of Dodge Brothers) now take the name of Dodge Brothers.

These Trucks, Buses and Motor Coaches, powered by Dodge Brothers engines and manufactured according to Dodge Brothers standards, are sold, as they always have been sold, by Dodge Brothers Dealers everywhere.

PRICES

MERCHANTS' EXPRESS—109" w. b. . .	\$ 545
COMMERCIAL TRUCK—120" w. b. . .	775
1-TON—130" wheelbase	995
1-TON—140" wheelbase	1065
1½-TON—150" wheelbase	1345
1½-TON—165" wheelbase	1415
2-TON—150" wheelbase	1515
2-TON—165" wheelbase	1585
3-TON—135" wheelbase	1745
3-TON—165" wheelbase	1775
3-TON—185" wheelbase	1845

Chassis f. o. b. Detroit

SOLD BY DODGE BROTHERS DEALERS EVERYWHERE

When buying a DODGE BROTHERS TRUCK please mention Nation's Business to the dealer

Do Your Workers Get Fair Play?

By A STENOGRAPHER

THOUGH I am only a \$42.50 a week stenographer my experience and observations have taught me things about business that many executives could learn with profit; things that have a direct effect on the balance sheet.

I have no statistics to support my arguments. I do not pretend to be an expert economist or a human engineer. But in the positions I have held I have tried to keep an open mind, studying each business in the proper relation to the people running it.

This study has convinced me that when loss overbalances profit in any department the cause frequently is that, though the executives understand their business, they do not understand their employees.

These employees control the plant's output through their thinking, enthusiasm and the quality of their interest as much as by the labor of their hands.

A man is for an employer heart and soul or he is for him only enough to get by.

In the latter case there must be a loss, though double entry bookkeeping will not reveal it and it may be blamed on costs of production, competition or marketing inefficiency.

A great deal is written about the fairness of employers and, with a few exceptions, I have found that they want to be fair. But this fairness frequently takes the form of harsh methods expected to unfold the good qualities in a man or prove his incapacity to cope with the problems assigned to him. This will fail four out of five times.

Some men may be frightened into greater production. More sensitive men will resent a bully or courteous squeezer. A restricted class of men may even work best under pressure but, when the pressure is released, the slack begins to accumulate.

Conversely, I have seen an employer do himself and his employees much harm by misdirected kindness.

In a large mail-order institution where I worked some years ago, the head correspondent was transferred, by an unexpected vacancy, to the sales promotion department. Although this man was practically a genius on correspondence, he knew little technically about sales promotion work. Naturally he made blunders and when the blunders continued, the president became impatient.

Instead of calling in a man qualified in this field to acquaint the correspondent with his new environment and the mechanics of running the department effectively, the president resorted to taunts and threats. These made conditions worse and finally the correspondent was discharged for incompetence.

After a while the president discovered his error and recalled the correspondent. Ever since, the man has made rapid progress in the work for which he was especially adapted and thoroughly skilled.

Had the president simply talked over the situation with him before making the

promotion both would have been saved a great deal of trouble.

That same executive made a similar mistake with me. I worked for him as a secretary-stenographer. He saw that I was efficient in this work and reasoned that I could do as well in handling the purchasing department. So I was formally promoted and after three months was a most miserable and dissatisfied employee.

My ability did not lean that way but, knowing the president was a stern man, I feared to tell him so because I thought he might misunderstand.

I was mainly interested in writing, in copy work, especially advertising and correspondence. Seeing no outlet for this ability where I was, I quit the job suddenly and earned the enmity of my boss which I believe has lasted to this day.

Now in these instances the employees may be accused of being in the wrong. But were they? Isn't it up to the employer to discover aptitudes and not make promotions haphazardly? I think

it is. The employer should permit the employee to state frankly whether he could be enthusiastic about the new work or if he thinks he needs further training.

The employer should take the lead in such matters and educate his employees to watch their own interests. In this way much waste would be eliminated and both would be happy.

On the other hand, the complaint "the boss will not give me a chance" does not always originate with the incurable grumblers. The ambitious employee who is interested in progress frequently has real basis for that idea. I can cite such a case from my own experience.

Having an aptitude for writing and determining to find the opportunity to fit my ability, I finally connected with an organization where I started at a small salary with the promise that I should have a chance to do copy work.

With this understanding, I studied, went to



The Season Is On



He was only a charge account hero until he went up in the air

MOST of us harbor an ingrowing yen to do something heroic, but rarely do we reach beyond minor audacities such as eating breakfast food for dinner.

Therein lies the lure of flying. Aside from the time-saving annihilation of great distances, aviation carries with it the refreshing suggestion of something apart from a workaday world; of surcease from being shepherd, perhaps, to a flock of charge accounts.

And speaking of planes, the COMMAND-AIRE plane is helping to take headlines out of aviation and replace them with head-work, so far as the tired business man is concerned. For the average man can learn to fly if he cares to, particularly if he selects a COMMAND-AIRE plane to test his sprouting wings.

The COMMAND-AIRE is a plane of almost uncanny stability. It is, perhaps, the only plane over which the pilot has complete control at stall speed. In the photograph shown below, the Command-Aire pilot has left the cockpit, straddled the fuselage while the plane flies nonchalantly on without any control beyond inherent stability. This is in no sense a stunt, but an everyday test of Command-Aire trustworthiness.

And yet despite this stability, beauty of design and sleek lines, Command-Aire is quite inexpensive—only \$3250 f. o. a. Little Rock. A line to us will bring complete details, or, if you prefer, arrange for a demonstration of Command-Aire's superiority. Just write.

COMMAND-AIRE, INC., Little Rock, Ark.



COMMAND-AIRE

When writing please mention Nation's Business

night schools, got books from the library and spent my own time and money to learn the business as far as possible.

Then I learned that the promise was simply a ruse to get me to start at small wages. My employer tried to argue me out of my ambition by telling me I could not produce as a copywriter and that he could not pay me the wages I was getting at the time to break me in to copy work.

I was willing to take the reduction in pay because I was confident of what I could do. To refute the idea that I could not originate, plan and write advertising, I submitted actual copy applied to practical conditions. This he pronounced effective for, in fact, there was nothing else to do. I had submitted this work to a qualified critic beforehand.

There was only one course left for me. I hated my employer for not keeping his word. I took another job.

But if I had not been able to quit, and under similar conditions many men are not, my ill-will for that employer would have been reflected in everything I did.

On a small scale such an attitude might not be noticeable. The loss might be absorbed by profits and no damage done to the balance sheet. If their work is standardized and closely checked, even a large group that dislikes an employer may not noticeably injure a business. But these things are not good. Adverse thoughts held against an employer tend to minimize even normal efforts.

The Reward of the Workers

AT A friendly gathering recently we were discussing business and at length shifted to creative ability and the rewards an employer is ready to bestow on a man who demonstrates ability.

I contended that only a small percentage of narrow-witted employers would stifle an employee's ambition. I had read some biography and selected such leaders as Ford, Frick and Schwab as examples of what creative ability could do.

When I had finished, the host, a man past middle-age, spoke up.

"You are just starting in business," he said. "You're young and optimistic—just as I was 40 years ago. That's the proper spirit and I hope you don't meet with conditions that will break that spirit."

"But let me tell you something. The men you mentioned are exceptional men. We here are ordinary people. Now I have worked 18 years at the same plant. I am too old to change and too old to demand the rights I have earned. I have seen others all around me discharged for the same kind of demand."

"Whatever ability I can show to improve the facilities of my department are taken for granted now. I get no bonus, no inducement to continue extra efforts—not even a present at Christmas time."

"Yet if I weren't earning my salary and making a profit for my firm they

would throw me out tomorrow. They keep adding to my responsibilities, to my labors, but haven't added to my salary for five years. So I have lost a great deal of faith and lots of enthusiasm."

"While you're young you must learn that creative ability of itself is nothing if the boss can take your ideas. You will have to fight at your age if you want your creative ability to get you anywhere. Every executive I know will impose on his employees to the breaking point. I have seen it done for 40 years."

Remedying the Situation

WHAT can be done to overcome such an attitude? Education among employers as well as employees. More fairness by employers bringing more conscientious efforts by employees. But this move must start with the employer, for it is his attitude that is reflected in careless work by the employees.

When an efficiency expert is called in, I believe the first thing he should ascertain is that psychological conditions are sound. A losing department may be caused by improper relations between employer and employee.

The trouble may rest with a stubborn authority who believes in running business his way. I know of such a case.

A small concern made it a rule to have all employees punch a time clock. It happened that they had to change advertising men and the new man ignored the time clock.

The fact that his work was of excellent quality and always carried out on time made no difference to the shortsighted office manager, who took the matter to the president.


But the advertising man's side of the story proved he was checking up proofs with the printer on the mornings he appeared late at the office, as well as using his own mornings and evenings to produce superior work.

The former advertising man's work was so inferior that he was discharged with apologies; the new man filled the job but disregarded the time clock. Now which one deserved the company's money and respect?

An executive like that office manager is struggling against great odds. He is causing himself needless trouble and arousing needless antagonism. In this case enforcement of a rule might well have meant lost efficiency and a distinct effect on the balance sheet.

A number of things may cause a business slump in good times but when executives learn to be truly just and appreciative of the efforts of loyal workers one cause will be removed.

Until they do, conferences, grievances, societies, employee representation will go on solving part of the problems; while the employers who recognize the rights and human qualities of employees will be fast speeding to leadership in their fields.



Not how deep but how near the bull's eye

**Power
without
Control
is worse
than
wasted**

A POWERFUL bow, perfect in balanced strength . . . arrows perfectly formed and feathered. Yet the shot will sink in the outer circle . . . if the aim is not perfect, too.

Likewise, with electric power—aim determines how close to the "bull's eye" electric motors will carry your plant . . . the bull's eye of maximum labor, time, and production savings.

Modern Motor Control aims power . . . oversees motors . . . leads them, when required, through automatic production processes . . . supplies new convenience in machine manipulation . . . protects men and motors from disorganizing accidents.

Thus your choice of Motor Control is important. It fixes the limits of these advantages . . . determines how completely you use electric power. That is why so many vigilant industrial leaders personally weigh the facts with care . . . specify the Control wanted on all the motor-driven equipment they buy.

The performance of Cutler-Hammer Motor Control has made it the standard for judging all such equipment through more than three decades. Cutler-Hammer is the exclusive choice of many leading plants . . . standard equipment on successful motor-driven machines . . . and the Control recommended by far-sighted electric motor builders.

CUTLER-HAMMER, Inc.

Pioneer Manufacturers of Electric Control Apparatus
1251 St. Paul Ave.
MILWAUKEE, WISCONSIN

CUTLER HAMMER

The Control Equipment Good Electric Motors Deserve

(8244)

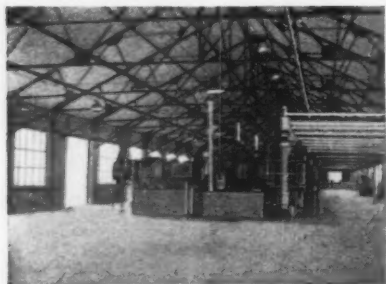
When writing to CUTLER-HAMMER, INC. please mention Nation's Business

Thirteen Times the Manpower of Industry Hidden Away in Electric Motors

Electric motors in America's industries today provide working capacity equal to 250 million workmen. That is more than 13 times the actual number of men employed. How effectively this army of "unseen" workers is used to bring down costs is determined by the care with which Motor Control is selected.

For all "Outpost" Operations Steel Structures

Made
entirely
of STEEL

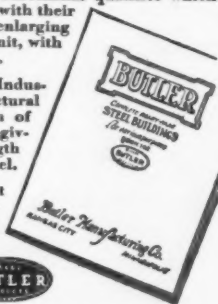


HERE is pictured another typical case of "decentralization in industry". It is a modern gasoline plant in Texas, property of the Big Lake Oil Company, completely surrounded by oil wells from which comes its raw material. In Arkansas, cotton gins are in the cotton fields. In Colorado, refining processes are at the mines. In Illinois, corn stalk paper is made in the shadow of the corn stalks. Taking the factory to the raw material is a growing actuality.

In all industries with operations "outpost" in character, Butler Ready-Made Industrial Buildings have won preference on such merits as completeness, economy in acquiring and in maintenance, fire resistance, speed in erection and appearance. But buyers are most impressed by their substantial qualities which make for permanency and with their flexibility which permits enlarging or taking down, unit by unit, with full salvage for re-erection.

In Butler Ready-Made Industrial Buildings, the structural purlines are a combination of tubular and I-Beam design, giving the maximum strength attainable per pound of steel.

With booklet 75N let us submit a preliminary estimate on the size building in mind.



BUTLER MANUFACTURING COMPANY
Kansas City, Mo. Minneapolis, Minn.

BUTLER

READY-MADE
STEEL BUILDINGS

When writing please mention Nation's Business

Backaches Go Out of Railroading

(Continued from page 58)

fixed formula which takes into account dead weight and resistance, until the required load is calculated.

These weighed trains are boosted by a switch engine into the advance yard. Having been kept informed of the progress of events, the dispatcher has had crews called to take the trains out. Does the call boy find the engineer in the roundhouse with hands full of tools and waste, his face smeared with grease and dirt?

He does not!

Engineers no longer spend their layovers tinkering at their engines. They condescend only to go to the engine terminal to take charge of their engines, standing ready on a siding, tuned to concert pitch, grease cups filled, pop valve stuttering.

Neither does the fireman waste valuable leisure polishing up his engine. Instead, he is reduced to killing time at the movies or flirting with the restaurant cashier. As soon as the engine men have climbed up to their seats and have assumed their professional expressions of boredom they pull out for the advance yard where the engine is coupled on to its train.

Upon hearing that the pleasure of their company is requested, conductor and brakemen proceed to the yard office where they immediately perform the hardest labor of the trip by registering out. They find caboose and engine coupled on, train inspected and air brakes tested; but as a matter of form they stand by and see the air brakes tested again.

The conductor, on receiving a bundle of waybills, or running cards in case the former have been forwarded by mail, climbs aboard the way car and intimates that so far as he is concerned they may proceed. He does not check his train to see that he has a car for every waybill and vice versa; that responsibility has been shifted to the yard staff for the company doesn't want freight standing still an unnecessary minute.

Congress Protects Their Rest

IN practice the interlocking tower lines 'em up for the main track and they keep going as long as the lights are green. When familiar landmarks apprise him that he has reached the end of his run, the conductor hands in his waybills at the yard office and he and his exhausted middle man and flagman take the rest prescribed by Act of Congress.

Automatic block signals beckon the train on and warn following trains to keep their distance. If the engineer disregards a signal, automatic train control stops the train but leaves for him the more agreeable duty of explaining to the superintendent why he did not make all necessary stops himself. Compressed air works

the whistle lever and the reverse gear; and on the Northern Pacific's new million-pound locomotive air power manipulates the throttle as the engineer presses a button. You see something more than muscle is required to manage 500 tons of machinery working under steam pressure of 225 to 250 pounds and hauling a mile or more of cars, the length of train being determined, not by the tractive power of the locomotive, but by the length of passing tracks built in a more primitive era.

Eliminating the Shower Baths

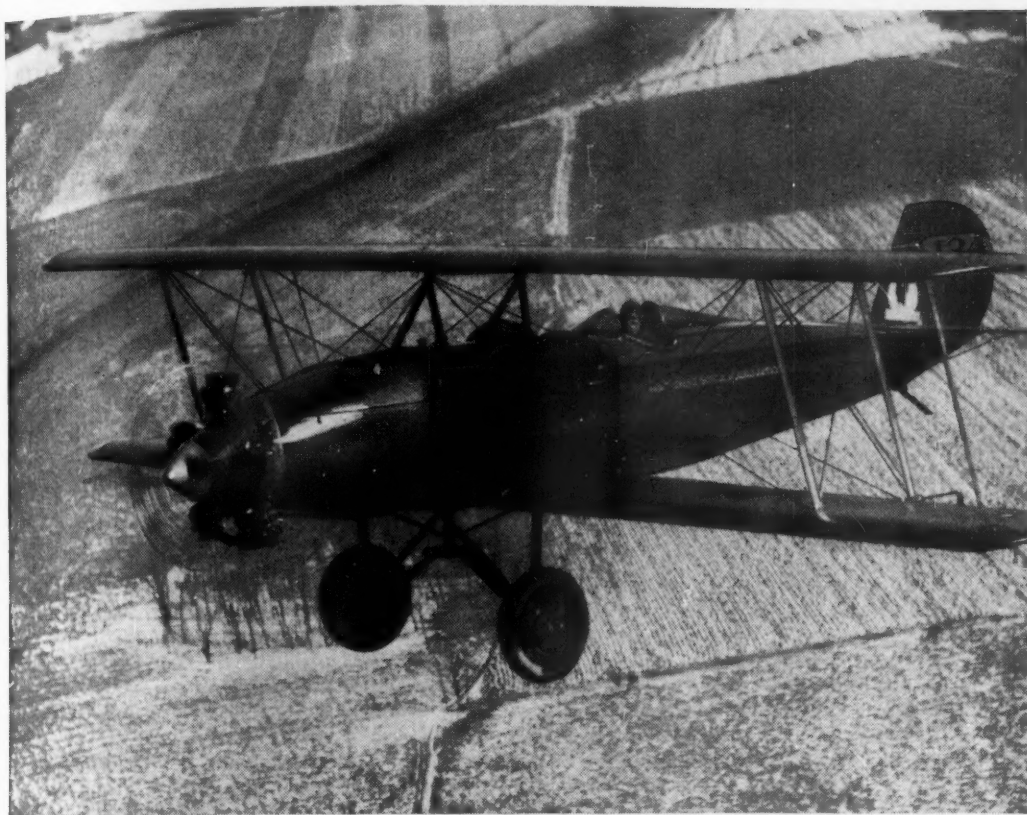
THE fireman reclines on his cushioned seat box while an automatic stoker keeps her hot. Instead of a shower bath while taking water every hour or so at a roadside tank, a scoop is lowered by compressed air into a track tank between the rails and a cataract roars aboard while the train rolls along at forty miles an hour. Once each 150 miles or so there may be a pause at a coal dock while an apron is lowered from above and half a car load of coal drops into the tender.

No more does the fireman crawl under the engine to be barbecued by the ton or so of glowing coals he laboriously hoes out of the ash pan. Ashes are dumped only into cinder pits at engine terminals by menials employed there. The fireman does not even have to ring the bell. An automatic ringer does that. About all he is allowed to do is to look at the scenery.

The head brakeman is still required to ride in the cab, although the caboose would be more comfortable. His other duties consist in leaning out of the cab window holding his nose between thumb and forefinger, thus announcing in sign language to the crew of a train passing in the opposite direction that he has observed a hot box requiring attention on their train. However, this happens but rarely; for a railroad company will resort to every honorable means to avoid hot boxes.

For the most part the head brakeman helps the fireman look at the scenery. It must be conceded that the same scenery, looked at year after year, does eventually lose the charm of novelty. If railroads would only change the scenery along the line occasionally the last remaining hardship of railroading would be abolished.

However, the railroads are really doing very well, considering. Encouraged by progress already made, the eyes of Hope can discern the glad millennium approaching when railroad men posted in rocking-chairs on their own front porches will perform their arduous duties by radio, receiving their pay checks by the same medium, while shippers rates, having long before been reduced below the vanishing point, will be paid by the railroads for the privilege of hauling their freight.



American Eagle planes are powered with motors from 40 to 225 h. p., and are priced from \$1,895 to \$18,895. Illustration shows the new Kinner powered American Eagle biplane, manufactured under approved type certificate No. 124. Valuable sales franchises are still available in certain territories to dealers and distributors.

WHEN YOU BUY YOUR FIRST AIRPLANE

You'll want absolute safety—of course! You'll want stability that never fails. You'll want trouble-free performance.

But you'll want *more*. You'll want the *luxury* of the air. The convenience without the hardship. The adventure without the risk. You'll want a plane as easy to own and operate as your motor car!

That's what you get in an American Eagle. For American Eagle is the plane that has made flying just an everyday affair. It's the most popular of all planes built for commercial or private use.

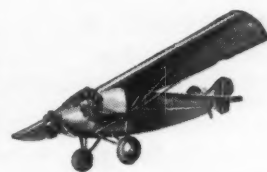
Whatever type of plane you re-

quire—whatever price you want to pay—you'll find an American Eagle model to answer your requirements. The American Eagle line is complete—ranging from a huge, two-motored cabin monoplane to a light sport biplane with folding wings. There's an airplane for every purse and purpose!

No matter when you expect to buy your first plane, it's time you acquainted yourself with aviation as it exists today. We are eager to send you our interesting literature, and to have our nearest dealer demonstrate to you what this new way of flying means. Write to us!



American Eagle 39, the 3-place closed cabin monoplane.



American Eagle 69, the two-motored cabin monoplane.



American Eagle 29, the 2-place sport biplane with folding wings.

AMERICAN EAGLE AIRCRAFT CORP. KANSAS CITY · KANSAS



GREAT AS ITS MAGNITUDE, *LOCATION* IS THE MEASURE OF ITS INFLUENCE ..

A \$32,000,000 building, indeed—but what ideal *location* for a project designed to cut manufacturers' and wholesalers' distribution costs!

How favorably placed for a market intended to effect "*less time buying, more time selling*" for retail merchants. Situation contiguous to the business heart of Chicago means that the Merchandise Mart will occupy a place of vantage in the "Great Central Market" of the nation, accessible in shorter time and at less expense than any other great wholesale distributing point.

Exhaustive surveys of possible areas for the necessary extension of Chicago's wholesale district revealed

no other location at all comparable to that chosen for the Merchandise Mart. Years of adjacent development can only serve to accentuate the specific importance of this location.

Make your plans now to occupy space here when the Mart opens next Spring; your offices, show-rooms, salesrooms and flexible storage space *all on one floor, under one roof*.

Many important sections of the building have already been leased by firms of unquestioned leadership in the industries they represent.

Send for floor plan and blue print today.

WRITE NOW for your copy of our
NEW DE LUXE BROCHURE
An informative book, containing all the
facts about the Merchandise Mart.
Beautifully printed and illustrated.
The present edition is limited to
executives of manufacturing and
wholesale distributing firms.

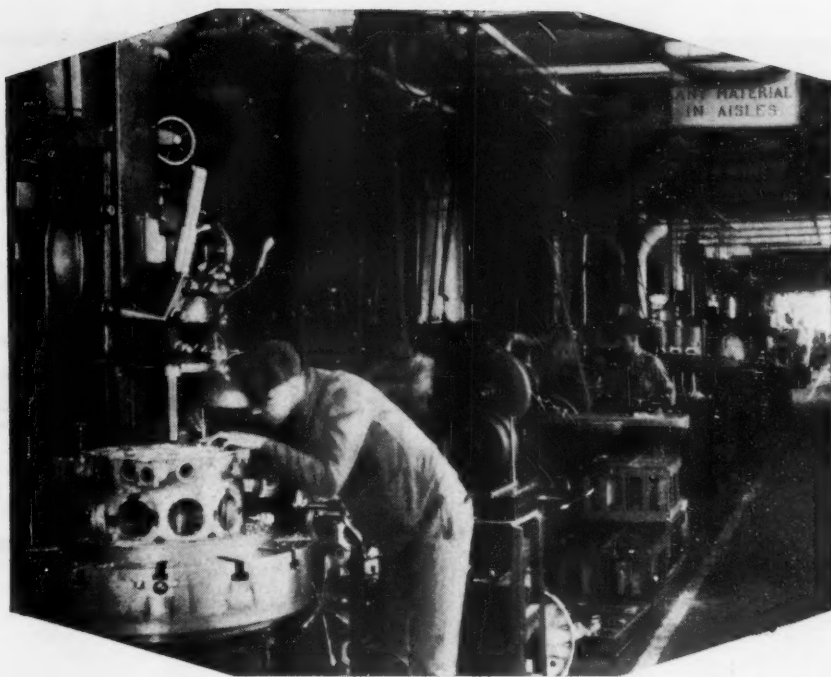
THE MERCHANDISE MART

OFFICES: 215 WEST WACKER DRIVE . . . CHICAGO

When writing to THE MERCHANDISE MART please mention Nation's Business

29

The price of engines of a certain model largely depends on the rate and extent of production. Handwork is held to a minimum



WRIGHT AERONAUTICAL CORP.

What Will These Mergers Do to the Aeronautical Industry?

By JAMES M. SHOEMAKER

Lieutenant Commander, United States Navy

FEW weeks ago I was present at a conference between Admiral Moffett, chief of the Bureau of Aeronautics, and two men who had recently bought a complete aircraft factory and were discussing plans for increasing their scale of aircraft production.

At the conference it developed that they expect eventually to build their own airplane engines. Questions were asked as to suitable types of engines. The discussion that followed brought out the belief of these newcomers into the aeronautical industry, that the recent aircraft mergers will impose a tremendous handicap on independent manufacturers of airplanes and airplane engines.

I could readily understand this point of view. It concerned a subject about which I had speculated from time to time. My immediate thought was that all independent aviation activities probably hold the same idea regarding the merged aircraft companies.

But do past events and future possibilities justify such an idea?

These first days of Spring find the aircraft industry vastly different from a year ago. Various mergers of formerly independent firms in the industry have

startled the commercial world, have brought aeronautical stocks on the Exchange into prominence and have caused independent manufacturers to worry lest they be squeezed out of the picture.

Merging in all Styles

THE mergers of the past year have not all been of the same character. Some of them have consisted of a pooling of resources under a parent company, some of interlocking directorates with no new holding company, and still others of a complete merging of two companies.

The underlying motive that prompted these mergers is obviously a desire to make money. But are the merging companies looking for immediate profits, or have they combined to insure their future business, and to maintain a prominent place in the rapidly expanding industry? The latter is undoubtedly one of the strongest reasons.

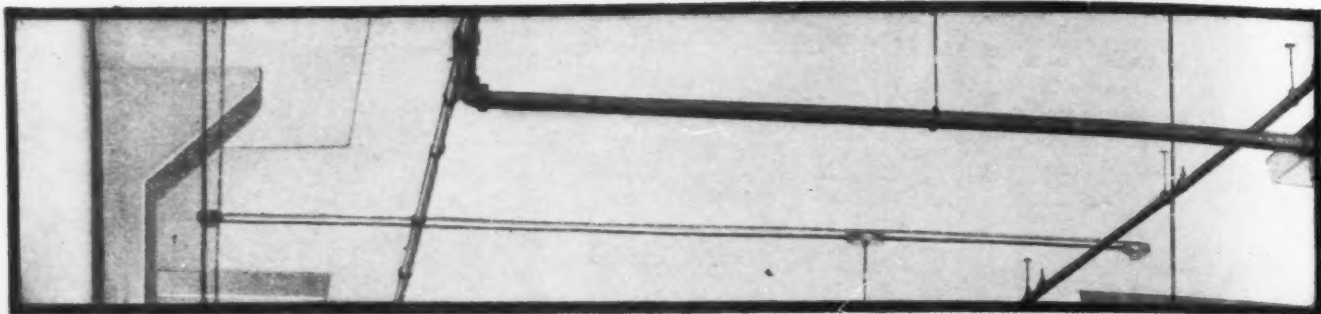
The axiom that a chain is no stronger than its weakest link can be literally applied to all the aircraft combinations. All of the subsidiary companies will not be equal as regards the profit produced. A weak company in the combination will be subjected to both pressure and assist-

ance from the other companies, forced or pulled into success or completely washed out. Certain of the recently merged companies will find themselves carrying the load for another in the same combination.

It is an ill wind that blows nobody good, the good in this situation comes to some of the less progressive companies. Though entering a combination at their proper valuation, they will be vastly benefited by the merger. They will have the benefit of sounder financial handling, and of the mutual interchange of engineering and other information between the subsidiary companies.

The pooling of engineering information, and in certain instances of engineering brains, is one of the great advantages gained by combining companies. Aeronautical engineering progress will be rapid, because airplanes and engines must be improved. The combination of airplane companies with engine manufacturers will result in the production of new airplanes to fit new engines, and new engines to fill the demands of the airplane builders.

The combining of airplane and airplane engine interests is bound to affect the independent producers of both planes and



Robert Gair Company Relies on White Paint



THERE are various phases of paper box making, some simple and some quite exacting and intricate." Paul Lang, Manager of the Piermont, New York, plant of The Robert Gair Company is speaking. "But regardless of their simplicity or intricacy, *white paint helps*. It makes the task easier, the plant cheerier — and cleaner — and is reflected in the quality boxes we produce.

As for the paint itself, our technical service assures us of the best possible interior paint."

And at Robert Gair Company and elsewhere, the best interior paint is white or light tinted and is one containing *substantial proportions of the zinc pigments (zinc oxide and lithopone) combined with the proper oils and driers*. All paint manufacturers are manufacturing zinc pigment paints, for both interior and exterior use.

The New Jersey Zinc Company, manufacturers of zinc pigments, will gladly explain the superior qualities of zinc pigment paints.

The New Jersey Zinc Sales Co.



160 Front Street, New York City

ZINC PIGMENTS IN PAINT

When writing to THE NEW JERSEY ZINC COMPANY please mention Nation's Business

engines, although the effect on independent airplane manufacturers should be less marked than on the independent airplane engine companies.

Each of the big combinations includes one or more air transport companies, which will, of course, plan to use airplanes and engines purchased from another company in the same parent organization, thus shutting off these air transport companies as buyers of airplanes from independent manufacturers.

The independents can also expect competition from the subsidiary airplane companies in the large combination, which competition will be sharpened by improvements in design made possible by the research and experimental departments fostered by the large corporations.

Planes Are Hand Made

THIS disadvantage is largely overcome by the fact that airplane prices do not depend so very greatly on mass production. Being to a large degree handmade, an airplane can be sold for the same price, and nearly the same profit can be made, whether the total production of a design is 50 or 500.

With airplane engines conditions are reversed as regard mass production. The price of engines of a certain model depends largely on the rate and extent of production. Handwork is held to a minimum because of cost, and particularly because of the necessity for uniformity of product, as selective assembly cannot be countenanced. Engine parts with their extremely small tolerances must fit

perfectly. Mass production requires standardization. An aircraft engine company must shoot the works on an engine design when it has tooled up for it and put it in production.

We can look for a good rate of production from the engine manufacturers in the combinations, which must necessarily be much higher than the air transport and airplane companies in the same organization can absorb. For these reasons independent manufacturers of airplane engines must walk warily. They will be restricted in sales of engines to subsidiary companies in the large aircraft corporation. They are forced to meet the prices and the quality of product of incorporated aircraft engine manufacturers, whose designs should improve rapidly because of pressure from within as well as without the parent company.

What can the independent aircraft engine manufacturer do to meet the competition of the large corporation? One solution lies in the production of engines in a power class not usable by the large air transport companies, but having a ready sale in other branches of the aeronautical industry.

Another solution is the production of engines in a power class not yet thoroughly covered; restricting production to few engine models and bending every effort to improve them constantly. A possible answer is the manufacture of an engine which, while a quality product, is heavier than corresponding engines of the same power; offsetting its decreased performance by being materially cheaper, more durable, easier to maintain or more

economical. Some of the questions of the day among independent airplane manufacturers are:

Will the combining of airplane and engine manufacturers affect the availability to us of any of the engines concerned?

Will we get a fair break on advance notices of improvements in, or reduction in price of engine designs?

Can we expect the same discounts as members of the same combination?

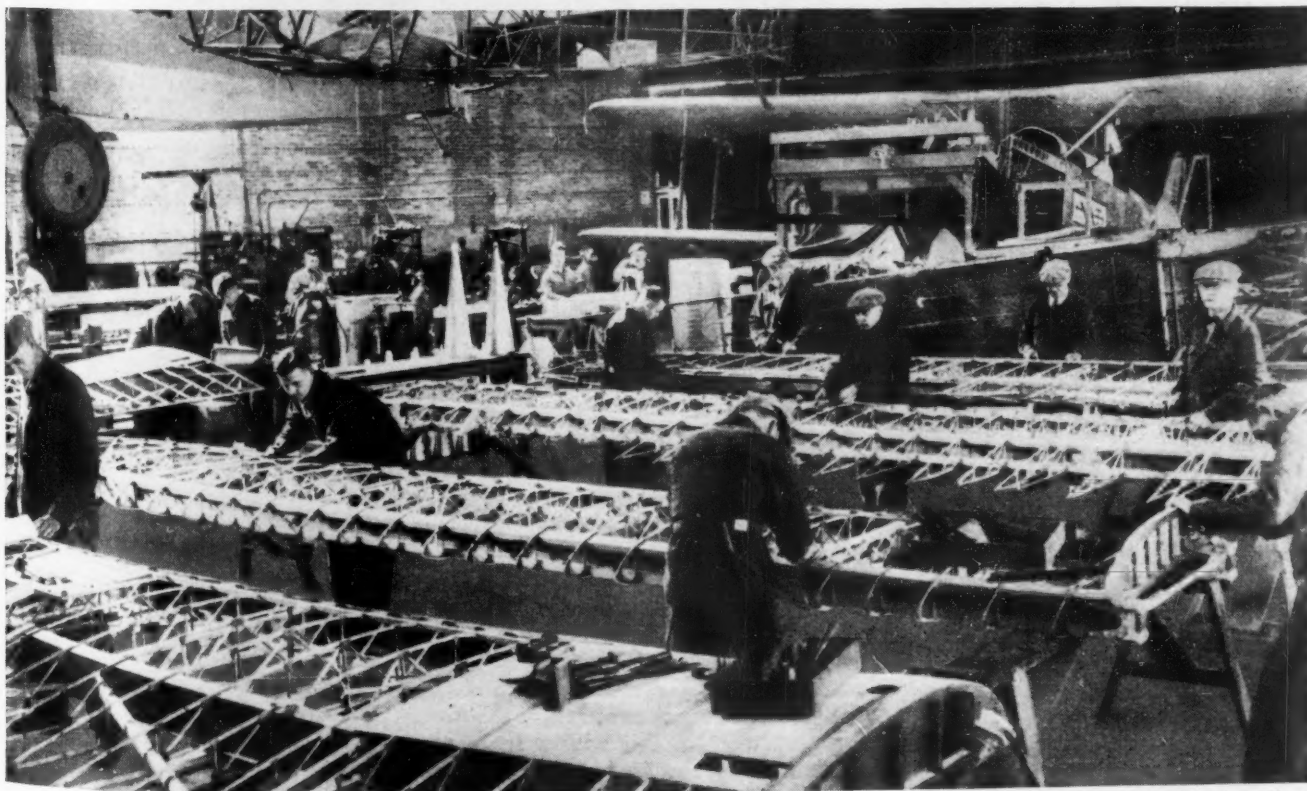
Engines Are Made on Schedule

THE first question can be answered categorically. The tie-up of certain engine and airplane manufacturers will not affect the availability of such engines to the rest of the airplane industry, though the immediate availability of such engines will probably be affected.

The large manufacturers of aircraft engines make every effort to predicate a year's production of engines, which they schedule at a monthly rate, on the probable yearly sales. The production schedule is necessarily based on commitments to take delivery of engines at a definite monthly rate.

These commitments can be expected only from the government services and other large and regular consumers of engines. It is probable, therefore, that while independent airplane manufacturers and operating companies can obtain delivery of engines from any manufacturer provided they place their orders well in advance, they cannot expect immediate action on rush orders.

Probably no advance notices covering



NATIONAL AIR TRANSPORT, INC.

Airplane prices do not depend so very greatly on mass production. Being to a large degree handmade, an airplane can be sold for the same price, and nearly the same profit can be made, whether the total production of a design is 50 or 500

improvements in design will be sent out by incorporated aircraft engine manufacturers to the industry at large. It is likely, though, that these engine manufacturers cannot afford to withhold such information from the large and regular consumers of their product, whether or not they be co-members of the same corporation.

The same argument applies to reductions in engine prices. Price reductions on an engine model can be expected when such an engine is about to be superseded by one of later design, or when an engine has been in production long enough for the manufacturer to amortize his experimental costs and his outlay for tools and equipment.

But such price reductions will not, in the future, be sprung suddenly on an unsuspecting independent manufacturer with engines already on hand. The scheduling of yearly engine production will stabilize prices for the year, with the possible exception of a price war between engine producers which cannot be foreseen.

The question of equality of price discounts to purchasers of equal numbers of aircraft engines, regardless of their business affiliations, is intimately tied up with the policies, probably unannounced, of the large aircraft holding companies and incorporated industries. These corporations doubtless realize that it is to the distinct advantage of the engine manufacturing unit to make no extra discount to the airplane or operating units of the affiliated industries.

Prices May Be Juggled

WHEN the profits of all of the subsidiary companies go toward paying interest on the mutual stock of the parent company, there is no advantage in requiring the engine manufacturer to reduce his profits so that a sister company may show a greater margin of profit. That is especially true when it is realized that the relative importance of the affiliated concerns will be regulated by the amount of business they do and the profits they show.

The large corporations must realize that favoritism in prices among their associated companies will result in discontent among independent engine customers, and will force the independents to produce their own engines, to buy from independent engine manufacturers or to enter into combinations of their own.

The manufacture of airplane accessories and airplane engine accessories is rapidly assuming a position of importance. Many of the accessories, such as wheels, tires and brakes are direct adaptations from the automobile industry. Others, such as carburetors and spark plugs, are common to automobile and airplane engines alike, but the same types cannot be used interchangeably. Still others, such as altimeters, air-speed meters and propellers are used only in air-

craft. Where the same company is manufacturing both automobile and aircraft accessories, the firm has usually been long established in the automotive field, and the aircraft business is on such a relatively small scale that it is unimportant. Such firms, when not already part of a large motor corporation, will probably continue to treat aircraft output as a side issue.

Mergers Worry Small Companies

OTHER companies manufacturing aircraft accessories have been founded for no other purpose. These firms are the ones which will be affected by the aircraft mergers. Some of them have been already taken over.

The other day I lunched with the chairman of the board of one of the airplane propeller companies. He was worried because one of his competitors sold out to a large aircraft corporation. His fears are not groundless.

His company is in the same position as that of an independent airplane engine factory. In his case some comfort may be taken from the fact that he controls valuable propeller patents, though a patent is after all only a license to sue. Patent litigation is long drawn out, costly and uncertain of result.

Building Community Prosperity

WISCONSIN bankers are interested in better communities. It is their belief that a banking institution can only be genuinely prosperous when its entire community enjoys prosperity.

This view is not extraordinary, but these bankers are taking active steps actually to bring about community prosperity. They regard the farms as sources of much of the life of their communities. Hence they are trying to improve the farms and thereby to better the communities of which the farms are a part.

These bankers believe that prosperity for the farms—and towns—can be had through more acres of alfalfa, more herds of high-producing live stock, and higher quality dairy products. The banks are announcing this philosophy in a series of advertisements in local newspapers. The project is sponsored by the agricultural committee of the Wisconsin Bankers' Association. This Association has a membership of nearly 900, with more than 90 per cent of the banks of the state being represented.

Early in March every bank in the Association was supplied with a series of advertisements arranged in order of their timeliness and each marked with a release date.

Seed corn should be tested before the

Many of the results of the recent mergers in the aeronautical industry have yet to make themselves manifest. Undoubtedly some of the bankers now holding controlling interests in aviation companies are concerned only with quick profits. Judicious manipulation and propaganda will send the prices of their stock soaring. At a propitious moment they will unload.

Other big interests are in aviation to stay. They are interested in aviation as a means of transportation. They vision its future possibilities, and realize that the present is none too soon to form the strongest possible consolidations, and to lay plans for a conservative, steady growth.

The so-called opportunist bankers who are seeking only quick profit are not at all original. Their prototypes are found in the early days of every new industry. They are paralleling the courses taken by similar concerns at the start of the automobile industry.

If they unload their aviation stocks and take their profit, numbers of small investors will suffer.

One thing is certain. At present, opportunist bankers and lifetime investors alike are making the nation air-minded. To this extent they are laboring together for the common good of aviation.

farmer starts work in the field or it may never be tested. Therefore the advertisement on this subject was used during the week of March 4. Advertisements on other subjects were arranged to appear at similarly appropriate intervals throughout the year.

The series was prepared for the Bankers Association in the agricultural journalism department of the University of Wisconsin. The copy maintains a friendly, conversational note throughout. Each advertisement tells a complete story. It describes a situation, generally involving a community problem, and then offers a remedy in the light of investigations at the state agricultural college.

The association considers the plan a distinct innovation in advertising. It is probably one of the first attempts of a professional group to embark on an advertising campaign on a state-wide basis.

The new advertisements are replacing much of the old-fashioned stereotyped bank advertising, filled with meaningless generalization and extolling such virtues as honesty and service.

A few banks in the state were using the community-building type of advertising before the present campaign was launched. They reported excellent results from their efforts to improve farm practices and to build good will.

Selling Stock to Employees

(Continued from page 24)

about \$3,000,000,000. It requires no Einstein formulas to demonstrate from the evidence of these statistics that labor is not gaining very rapidly upon the total of industrial ownership.

Negligible Effect on Policies

BUT even if this tendency should be reversed and employees should eventually find themselves possessed of a majority of the stock in their companies, it would not necessarily mean anything in particular with respect to control. In many corporations at present large proportions of the capital are scattered in small holdings among thousands of owners, but the influence of these owners on the policies of management may be said to be practically negligible. It is unlikely that employee stockholders will function in this respect differently from the individuals with similar holdings.

In a very few companies, it is true, shares owned by employees are held together and voted in a lump. This method is unusual; moreover, it is opposed to the idea of individual participation and responsibility on which the whole movement toward employee stock ownership has been based.

Any possibility of future control of industry by employee stockholders is made even more remote by the fact that in the interest of safety of principal many companies sell preferred stock rather than common stock to their employees. Some preferred stocks have voting privileges; most of them do not, and consequently the holders of these securities are specifically barred from any participation in management.

Where the Largest Blocks Lie

ONE other element, which often is overlooked, lies in the fact that under many stock subscription plans the term "employee" is used indiscriminately for wage earners, office workers, supervisors, and executives. Of the approximately 1,000,000 employee stockholders, many thousands doubtless belong to the three last-named groups. In proportion to their numbers, salaried employees certainly hold much larger blocks of stocks than do the rank and file. The sympathy of these employees is likely to be with management rather than with labor.

It is wholly improbable, therefore, that employee stock ownership will lead to any important change in the control of industry. Shall we then come to the conclusion that the influence of the employee stockholders upon industrial management is negligible? By no means. On the contrary, this influence already is showing significant results not only on labor poli-

Nationally known users of Fenestra . . . Royal Typewriter Company



Plant of the Royal Typewriter Company, Hartford, Conn.
Architects and Engineers: Greenwood & Noert. Contractors: Denis O'Brien & Sons, Inc.

DAYLIGHT, plenty of it; airtion, under control: these are two important factors of production in this modern plant of the Royal Typewriter Company at Hartford, Conn.

Here, even those Royal employees most distant from the windows have floods of daylight for their exacting work, provided by nearly 400 units of Fenestra Projected Windows. And at the same time these better steel windows, because of their design, construction and layout, insure healthful working quarters through a proper control of airtion.

Likewise Fenestra Steel Windows play a part in the making of many other nationally known prod-

ucts. A few of them are: Baker-Vawter Products, Burroughs Calculating Machines, National Cash Registers, Eastman Kodaks, Fairbanks Scales, Colt Firearms, Bausch & Lomb Cameras, Remington Arms, Winchester Rifles. A host of others could be included.

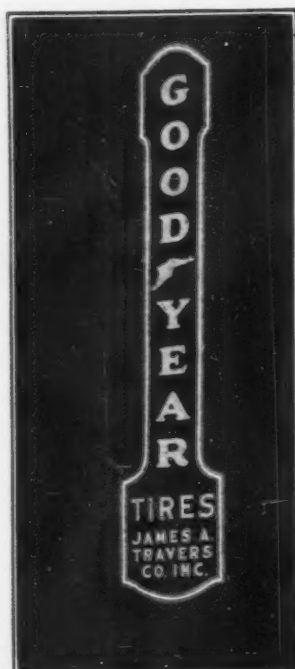
Fenestra's high reputation has been earned by satisfactory service to industry for 22 years—in every field. And this same type of steel window service is available to you. Fenestra Engineers can furnish you with daylighting and airtion charts which will, with reasonable accuracy, give you a picture of the results *before* your plant buildings are erected. 'Phone Fenestra's local offices.

DETROIT STEEL PRODUCTS COMPANY
2292 East Grand Boulevard, Detroit, Mich.
Factories: Detroit, Michigan, and Oakland, California

Fenestra

steel windows

When writing to DETROIT STEEL PRODUCTS COMPANY please mention Nation's Business



Business LOCATIONS made UNFORGETTABLE

MAKING a business grow is a matter of getting more people to *notice* or to *recall* it when in need of the products or services it has to sell.

The sensible and economical means for compelling wide public attention to a business and its location is a Flexlume Electric Sign—its words shining in neon tubes, raised glass letters, exposed lamps or combinations of these illuminations.

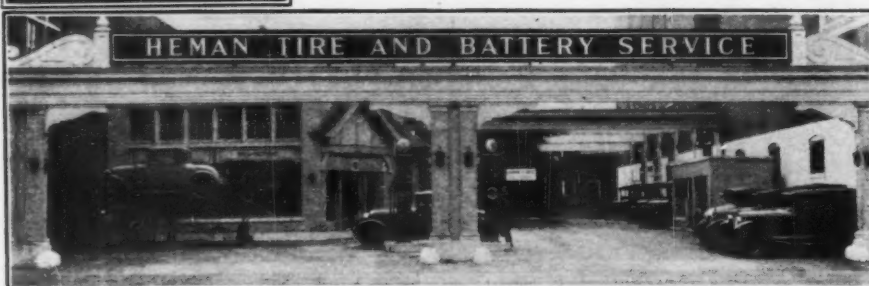
To see how your business might be individualized with the electric words of a Flexlume, write us—no obligation or cost—for color sketch and quotation of an electric designed to satisfy your particular needs. FLEXLUME CORPORATION, 2093 Military Road, Buffalo, N. Y.

Neon bordered, glass letter sign is an especially effective and economical combination of electric tube color illumination for attraction power with raised glass letters for pleasing contrast and clear legibility, day and night.

Sales and Service
Offices in Chief
Cities of U.S. & Can.



Factories at
Buffalo, N. Y. and
Toronto, Can.



FLEXLUME ELECTRIC DISPLAYS

Progress points its shadow toward economy in building!

Maryland Metal Buildings are quickly, easily erected, enlarged or consolidated with other structures. Made of standard interlocking sections of Lyons Metal, the corrosion resisting alloy, Maryland Metal Buildings are ready on instant demand—ready with strength, safety, permanence and welcome economy.

Shall we send an illustrated catalogue?

MARYLAND METAL BUILDING COMPANY
2700 Race Street
Baltimore, Md.

clean with

AUTOMOTIVE plants have long used Oakite cleaning materials and methods to save hours and effort in preparing materials and parts for manufacture and assembling. Now, the rapidly growing aviation industry relies upon Oakite cleaning to speed up production. Our booklets tell how Oakite materials and methods keep pace with your production, cleaning, anti-rusting, cutting, grinding operations. Copies sent on request.

OAKITE PRODUCTS, INC.
244 Thames St. New York, N.Y.
Oakite Service Men, cleaning specialists, are located in leading industrial centers of U. S. and Canada

OAKITE
Industrial Cleaning Materials and Methods

cies but on other actions and attitudes of management.

Industrial relations have quite a different look when the employee is also a stockholder; likewise the relations between management and stockholders are distinctly modified when many of the latter are also employees. Annual reports of many boards of directors are now being phrased with specific reference to the wage-earning investors who will read them.

It is not too much to expect that, with the increase in the number of employee stockholders and of other classes of small investors, the dividend policies of many corporations will be shaped for the benefit of these new groups of capitalists, thereby becoming more liberal than in some instances they have been in the past.

Wage earners, like most other small stockholders, are little concerned about income surtaxes and would rather have corporate earnings distributed in cash than piled up in reserves. The passing of a dividend becomes a more than usually serious matter if the action hits the pocketbooks of wage earners, foremen and company officers, and thereby brings about adverse effects on the morale of these workers.

The influence of employee stock ownership is not all on one side. Workers who are also part owners of their companies are coming to have understanding of the functions of capital and of the duties and difficulties of management. Increased confidence between employees and officials is having profound effects on the internal relationships of industry. Along with all this, the worker is acquiring an increased self-respect resulting from his enlarged financial independence and his feeling of a mutuality of interest between himself and his employer.

Questions for Each Management

WHETHER or not to offer stock to employees, and by what sort of a plan shares should be sold, if at all, are questions that the management of each company should answer for itself. It is pertinent, however, to set down a few general suggestions that may be of help in arriving at a decision on the question.

First of all, the company should take a good look at the stock it has to offer. Has it safety and stability that would lead the company, if it were issued by some other concern, to recommend it to a workingman for the investment of his savings? Even beyond this, is the margin of safety wide enough so that the company can fairly suggest that a wage earner have his job and his savings tied up in the same business? If not, the idea of a stock subscription plan should be dropped. For that company there are other and safer methods of encouraging thrift.

Even if the stock is sound enough for

a workingman's investment, it is wise to guard against the adverse effects of price fluctuations by some contribution from the company, in the form either of direct aid in the purchase (through price concession or otherwise) or of an extra dividend or bonus. The employer expects to benefit from the distribution of stock to employees; he should be willing to pay something for his gains.

In seeking to protect employe stockholders against loss, however, the company should not yield to the temptation to make guarantees that are contrary to sound economic principles. One of the purposes of employe stock ownership is to teach the wage earner something about the responsibilities of capitalism. He will miss the lesson if all these responsibilities are avoided.

A Handicap to Be Avoided

EVEN if all conditions seem to warrant the sale of stock to employes, the company should not launch a subscription plan at the wrong time. However well-devised the plan may be, it will operate under a severe handicap if stock prices turn downward soon after employes have invested their money.

Except possibly in dealing with employes in executive positions, it is better not to combine stock ownership and profit-sharing. The two things are quite different and the wise employer will deal with them separately.

In drawing up a stock plan, the company should study the situation and try to fit the terms to the needs of its own employes. It is not safe to adopt a ready-made plan simply because it has succeeded somewhere else.

If the plan is justified by the kind of stock the company has to offer and if it is wisely prepared and administered, beneficial results in the form of improved industrial relations and increased loyalty and morale may be expected.

But neither a stock plan nor anything else will change human nature overnight. The wage earner will continue to be more interested in the contents of his pay envelope than in the financial statement of his company or even in the size of his dividend check.

Another Banquet by Air

THE account in the April NATION'S BUSINESS concerning the radio banquet held recently by the Spokane, Wash., Chamber of Commerce moved Lawrence S. Clark to write:

"Your impression that it was the first such event held by a chamber of commerce is erroneous. A year or more ago the Minneapolis Civic and Commerce Association held their annual meeting and banquet over WCCO. Programs and a paper napkin were sent to all members with a notice of the meeting."



Every roof should
be *adequately*
insulated with
corkboard



EVERY roof needs insulation to keep top floors and single story buildings comfortably cool in summer and warm and easy to heat in winter. They need not only insulation, but *adequate* insulation—thick enough to give real protection against summer sun and winter chill—thick enough to make the fuel saving really worth while.

Rarely is it sufficient to insulate a roof with less than an inch and a half or two inches of Armstrong's Corkboard. If there is excessive humidity and heavy condensation, even more may be needed.

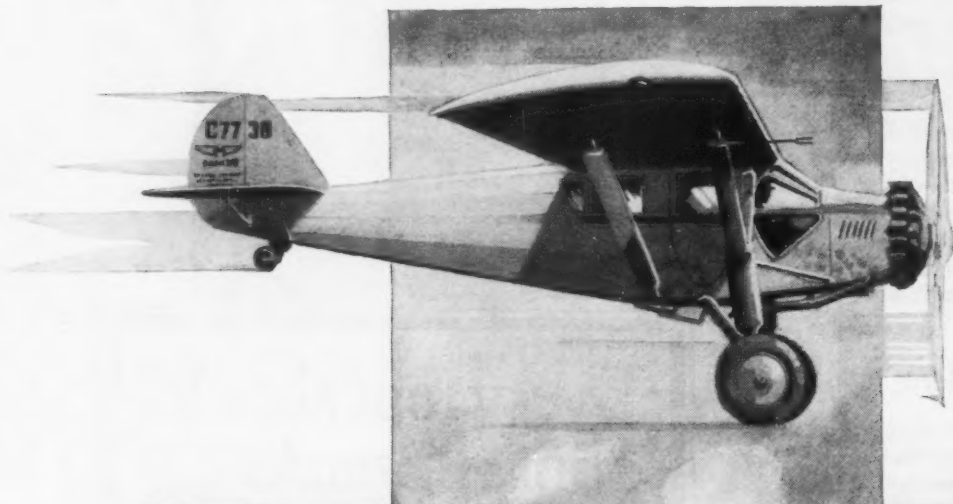
One of the advantages of Armstrong's Corkboard is that the required thickness can be laid in a single layer at a very considerable saving in labor over the cost of building up thin layers. It costs no more to lay enough than to lay too little.

"The Insulation of Roofs with Armstrong's Corkboard" is a 32-page illustrated book which will be sent free on request. Armstrong Cork & Insulation Company, 903 Concord Street, Lancaster, Pa.; McGill Building, Montreal; 11 Brant Street, Toronto, 2.

**Armstrong's
Corkboard Insulation**
For the Roof of All Kinds of Buildings

THE SHIP THE WHOLE WORLD KNOWS

A Worthy Representative of any Business in the World



"London on the wire," said Central. Leslie Irvin, parachute maker in England ordered a Ryan by 'phone. He wanted Ryan stability in demonstrating his product.



A cable from Hankow! Two Ryans wanted by the Chinese Nationalist government. A rush order based on records of reliable performance made by five Ryan ships now being operated between Hankow and Canton.



Fifty-two degrees below zero! But the Ryan made its regular winter trips between White Horse and Dawson. "Safest and most reliable means of transportation between points named," says Yukon Airways & Exploration Company.



THESE are actual bits of news—flashes from the world-wide story of Ryan performance.

Ryan, the ship Lindbergh flew across the Atlantic, the ship the whole world knows.

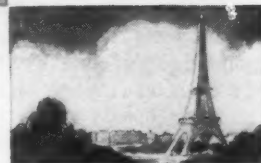
And now the latest model Ryan is ready—the six-place Brougham. A still more brilliant performer, a still more beautiful ship.

In ease of handling, inherent stability and sureness of

control, the outstanding ship of its type. Powered by the Wright Whirlwind 300 horsepower J-6 engine.

Suited to the needs of modern business and a growing factor in large affairs. Use it in your business, you will find it a worthy representative.

For handsome, illustrated catalogue, write The Mahoney-Ryan Aircraft Corporation, Anglum, St. Louis County, Missouri.



Ten to twenty days by pack train, railroad and coasting vessel from Province of Peten to the capital of Guatemala. Over jungle and mountain range, impassable by other means, the Ryan flies the route in three hours.



Japanese duration and distance records smashed! It was done by Fumio Habuto, Japanese aviator, who flew a Ryan 3,000 Kilometers in thirteen hours and thirty minutes—non-stop.

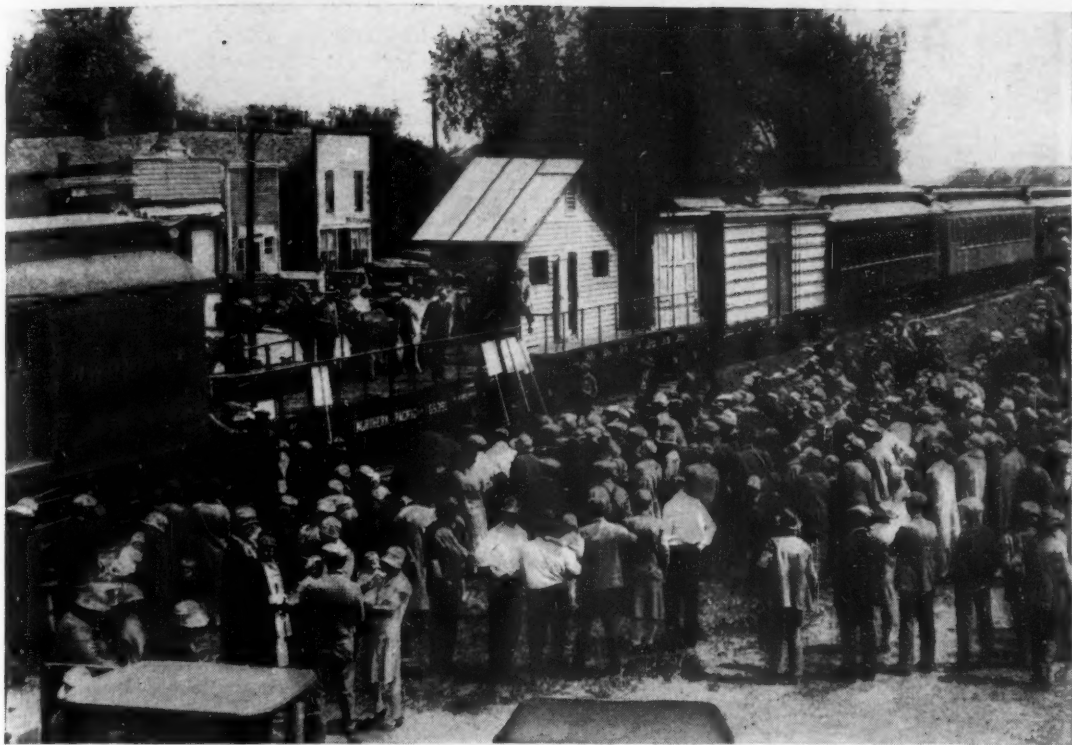


Captain Hurley flies a Ryan across the Tasmanian Sea, 1,339 miles. A record trip between Australia and New Zealand. Just an incident in the breaking-in of five Ryans shipped to the antipodes.



**THE NEW RYAN FOR SIX
BROUGHAM
SISTER SHIP OF THE "SPIRIT OF ST. LOUIS"**

When writing to THE MAHONEY-RYAN AIRCRAFT CORPORATION please mention Nation's Business



The Northern Pacific's dairy-poultry exhibit train stops at Leonard, S. Dak.

Farm Aid that Builds Business

By J. W. HAW

Director, Department of Agricultural Development, Northern Pacific Railway Company

AGRICULTURAL relief, modern subject of congressional debate and economic discourse, has been a policy of the Northern Pacific Railway Company since the early 'eighties. The road's purpose, of course, has not been wholly philanthropic.

There is probably no barometer of farm prosperity more accurate than the tonnage moving over an agrarian railroad. No such road can prosper when the territory it serves is populated by bankrupt farmers or by farmers in dire distress. The welfare of the agricultural people in the United States and the welfare of the railroads are parallel.

Therefore, the Northern Pacific has maintained its Department of Agricultural Development, revising its methods as changing conditions have warranted, but striving always to bring new settlers to uncultivated lands in its territory and to aid those already there. This second phase of the work is largely educational.

In the immigration work, or colonization as it is sometimes called, the effort is first to find the prospect and then to focus his desires—on the basis of climate, type of farming, and his pocketbook—on a particular district or community.

We have used many methods to find

the prospect. We have carried classified and small display advertisements in newspapers and periodicals circulating in the territory from which we naturally draw settlers. Rural telephone directory lists have been circularized and various methods have been devised for obtaining lists of actual farmers.

Thousands Write Letters

AS A result, many thousands of letters of inquiry are received at our St. Paul office every year. These inquiries are answered by men trained for that purpose; not through form letters, but by first-copy letters that answer the specific questions asked by the prospects. Booklets setting forth the opportunities in the various districts are sent as follow-ups.

Prospects that appear worthy of personal solicitation are interviewed by our traveling immigration agents, who are on a straight salary basis. When the prospect has actually reached the point of moving, he is directed to opportunities listed with us or to reliable local land agents.

There is, of course, much chaff in original inquiries. Many have led our agents to the pool hall, the school-room or to

the rocking chairs of invalids seeking interesting literature to while away an idle hour.

The majority of the would-be immigrants of recent years, we find, are chiefly interested in favorable climatic conditions. This is a symptom of the times. The motive behind present-day changes of location is health or comfort and not particularly an opportunity for a future in the farming business.

We believe the day has passed when any large number of the right kind of settlers can be sold by misrepresentation or extravagant statements. The settler of today is well informed generally and can distinguish between a prospectus based on fact and one based on fiction. Similarly, the old high-powered real estate promotion practice of taking a man with blinders on out to view a country and passing him around to a group of paid stool-pigeons is obsolete. A country must be sold at face value today.

The agricultural colleges in their classification of lands on the basis of general adaptability for different types of farming have done a splendidly worth-while job. They have made it hard for the crooked exploiter, but have rendered a real service to the potential settler and

**Sun Heat
and Glare****Cool Air
and Light**

RA-TOX Shades keep out sun-glare and heat, but admit from 30% to 40% more light and air than ordinary shades. They reduce room temperature from 19 to 20 degrees—ventilate without drafts—allow for independent operation of center-swing ventilators in steel sash. Made of attractively stained wood strips woven parallel; they are practically wear-proof.

Send measurements for complete information and estimate

Hough Shade Corporation

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154 N. La Salle Street, Chicago, Illinois

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OFFSET WOOD FABRIC
SHADES for INDUSTRIAL
SASH

HOUGH SHADE CORPORATION
154 N. La Salle St., Chicago, Ill.

Send complete RA-TOX details at once.

Name _____
Address _____ City _____
State _____ Individual _____
☐ Steel Sash ☐ Wood Sash

140-Page Book of record-keeping forms, filled in to show you their uses. It answers problems of accounting for office, factory and professions. This Free Book describes and illustrates Moore's Security 4-Post Binders, the simplest, easiest handled on the market. To insert or remove sheets takes but a moment. Low in cost—long in life. Moore's Binders are Different.

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A great help toward simple and accurate record-keeping

Write for it today!

Write on your business stationery for this Free Book on up-to-date Loose-Leaf equipment

JOHN C. MOORE CORP. Est. 1839
5067 STONE STREET ROCHESTER, N. Y.

Branch Office Facilities for Out-of-Town Firms

Listing in Classified Telephone Directory. Intelligent handling and forwarding of mail. Form-letter and follow-up work. Permanent address and special handling of business for resident and district representatives.

Cost low as \$15 monthly

Write for Brochure

Universal Business Service

1701-A Arcade Building, St. Louis, Missouri

to those interested in intelligent farming. It has yet to be demonstrated that the settler who buys a piece of land at more than its value on a farm-production basis is an asset in the long run. His inevitable failure is chalked up against the record of the country.

In this connection we find that there is no better immigration agent than a satisfied settler. He invariably draws his relatives, his friends and his former neighbors. The testimonial letter that does the most good is the personal letter he writes back home. The realization of this fact has inspired our whole program of agricultural educational work. During the recent difficult times we have constantly kept in mind that a worthy settler retained is as good if not better than a new one brought in. The right kind of settlers cannot be interested in a country of abandoned farms.

In our immigration work today we find our greatest problem is the average settler's lack of capital. The day probably is coming when we can move the farmer who has money, but right now, in the main, immigration consists of a careful transplanting process. It takes time and care to uproot a farmer. He is almost always heavily involved financially. His ability to get away at all depends on a whole series of negotiations.

Once uprooted, it is to his interest and to ours that he be located where his available resources, his desires as to a type of farming, and his social and religious requirements are best satisfied. Once located, it usually takes "wet nursing" by somebody to see that he gets properly established. It is slow work, expensive, often discouraging.

It requires that the farmer shall be given the sympathetic cooperation of the party from whom he buys; it requires that local banking institutions go down the line with him in extension of credit during his first few years; and it places on the community the responsibility of seeing that he is provided with social life. Constantly we maintain the view that each settler located today will serve as a "bellwether" when a genuine movement back to the land starts and when capital again freely seeks investment in farmland opportunities.

How Settlers Are Interested

DURING the off seasons our field men survey the districts from which settlers seem most likely to be obtained. Once an apparently fruitful locality is determined upon, extensive preliminary work is started. Farm-products display booths are conspicuously placed; meetings and moving-picture shows are held, and farm-to-farm canvasses conducted.

We find it best to work a certain promising district for a particular district in our own territory. Personally conducted inspection tours are arranged and an effort is made to include in such parties

influential farmers whose opinions carry weight in their community.

The Northern Pacific for many years has been aggressively engaged in general agricultural development in its territory. There is no attempt to disguise the fact that continued expenditures for both immigration and development are inspired by long-sighted selfishness. The value of a new settler placed on uncultivated land tributary to our line is variously estimated at from \$100 to \$1,000 additional gross revenue a year, depending on the settler, the acreage cultivated and the type of farming in which he engages.

Cooperate With State

CHANGE from a temporary to a permanent basis in the type of farming is immediately reflected in an increase in the railroad's gross earnings. Smaller farms and more intensive cultivation bring in their wake an increased volume of freight business.

In the conduct of our Agricultural Development Department a studious attempt is made to gear all our activities with those of all other agencies, public and private, similarly engaged. In work of this character there is danger of conflicting and duplicating effort, with consequent waste and inefficiency. We have felt that we should look to regularly established state and federal agencies to initiate projects and to determine underlying policies.

The extension services of the state agricultural colleges have been looked to in the main for leadership in the agricultural development field. We have tried through agencies at our disposal to lengthen and strengthen the arm of the extension services in the states traversed by our line.

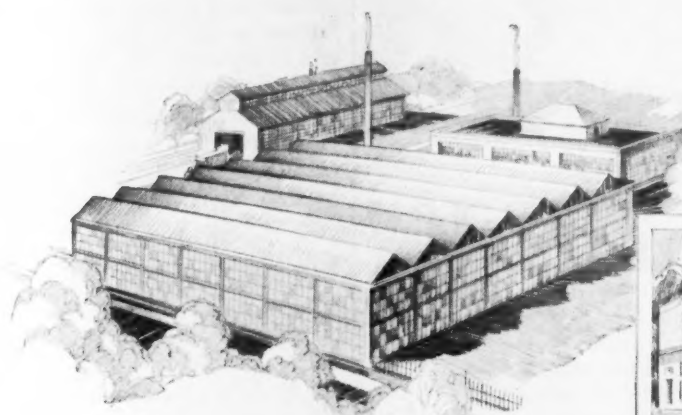
We have contributed to boys' and girls' club work and the work of Smith-Hughes agricultural schools.

Special educational trains, devoted to land clearing, cultivation, good seed, and better live stock, have been operated without revenue in various states to vitalize these projects.

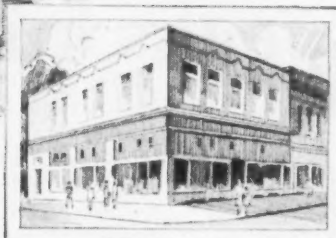
The Northern Pacific was a large contributor to the capital stock of the Agricultural Credit Corporation. Through loans made to farmers in the twilight zone financially many dairy cows, breeding ewes and pure-bred sires have been placed on farms in the Northwest by this Corporation.

The agents of our Department were active in organizing local loan committees, in obtaining applications for stock, in buying and distributing the animals, and in follow-up investigations of security.

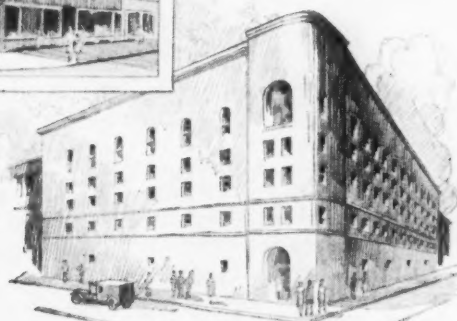
The Northern Pacific has operated special passenger trains at low rates to various agricultural educational events, such as the Pacific and International Live Stock Expositions, the National Dairy Show, Wool Growers' and Stockmen's Association meetings, and to agricultural



Saw-tooth and other special factory roofs are easily covered with J-M Bonded ASBESTOS Roofings.



For any small or temporary structure there is a suitable J-M Bonded ASBESTOS Roof.



The valuable contents of warehouses are best protected by a J-M Bonded ASBESTOS Roof.

Does your roof protect your investment adequately?

A Johns-Manville Inspector is ready to give you an expert opinion of your roof

THE roof of a factory, warehouse or other large structure should protect the whole investment in building and contents. How about your roof? Why not make certain of its condition? Let a Johns-Manville roofing expert make a free inspection. This man has nothing to sell. He will simply give you the facts about the roofs he inspects. You are free to act on his report as you please.

A Roof for Every Purpose

Johns-Manville produces the most complete line of roofings available from one manufacturer. Whether you are interested in a building housing some special process, a temporary structure, or an edifice erected to stand for generations, there is a Johns-Manville Roof suited to your needs.

Whether you desire a smooth surfaced roof or one covered with slag or gravel, wherever our roof inspection service is available we are prepared to furnish a surety bond which definitely covers the performance of the roof.

J-M Super Class A Roof:—Smooth surface Asbestos—will be bonded for twenty years. Class A

Roofs:—Smooth surface Asbestos—will be bonded for fifteen years. Combination Roof (Asbestos and Rag Felt) and all-rag felt roofs covered with slag or gravel will be bonded for ten years.

Johns-Manville also furnishes roofs for specialized industries. An example is the J-M Rot-proof Paper Mill Roof to meet severe condensation conditions. We are always glad to discuss any special roofing problems created by industrial processes.

Laid by Experts

All J-M Bonded Roofs are laid by Johns-Manville approved roofers. In order to hold the J-M franchise a roofer must be an expert. When you buy a J-M Roof you are assured of getting the right materials correctly applied.

Mail the coupon now and have your roof inspected without cost.

J-M Responsibility

The trade mark J-M is one which represents the highest technical skill in the manufacture of insulations against heat and cold, packings, industrial floorings, asbestos and asphalt shingles, brake linings, sound control systems besides many useful specialties. Johns-Manville products serve industry and home owners throughout the nation.



Great office buildings which must stand for generations find lifetime protection in a J-M Bonded ASBESTOS Roof.



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{Branches in all large cities}

Please arrange for an inspection of the roof of

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Company.....

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BUR-43-5

Johns-Manville

BONDED ROOFS

When writing to JOHNS-MANVILLE CORPORATION please mention Nation's Business

"This Chart speaks for itself"

"IN our shop figuring," chuckled the Superintendent, "four and four make eight. But here's a case where one and three make eight." And he returned the manager's puzzled look with a grin.

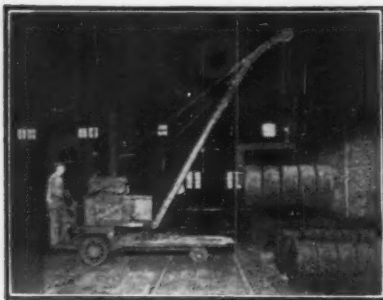
"This chart speaks for itself," the "super" continued as he strode over to the wall. "Recall the E-P electric crane truck we bought a few weeks ago. Well, here's the result. Before we bought the truck eight men were stacking coils of our wire to a height of approximately 5 feet. Now the E-P crane and 3 men handle 5 coils on a bar at one time and make the stacks eight feet high.

"That's why one and three make eight with a *saving* big enough to pay for the tractor in less than a year. These are the actual figures:

By hand 8 men pile	5 ft. high
By crane 3 men pile	8 ft. high
Saving 5 men	3 ft. head room
5 men 8 hours at 45c	\$18.00
Truck operation	4.00

\$14.00 Saving per day."

It costs nothing to find out whether Elwell-Parker Tractors cannot make equal savings in your plant. Hundreds of Elwell-Parkers are in use today in industrial haulage jobs that the users were at first sure they could not fit. But Elwell-Parker has had 22 years of industrial haulage to bring to your specific problem. There's an E-P representative who will gladly discuss the situation with you. Phone him or write us direct.



THE ELWELL-PARKER ELECTRIC CO.
4251 St. Clair Avenue Cleveland, Ohio
Representatives in all Principal Cities

ELWELL-PARKER TRUCTORS

PIONEERS IN ELECTRIC TRUCTOR MANUFACTURE

When writing to THE ELWELL-PARKER ELECTRIC CO. please mention Nation's Business

colleges and experiment stations, where farmers might view first-hand the progress of experimental work.

We have sponsored, directly and indirectly, fairs, expositions and exhibits. We have frequently made freight-rate concessions to stimulate movements of commodities which help establish better farming methods and sounder agricultural practice.

Although there are wide differences of opinion with respect to the necessity for agricultural relief action by Congress and much controversy as to the form and scope of such legislation, there is general agreement on certain practical principles of husbandry which will help very greatly to bring the agricultural industry of the Northwest back to its normally prosperous basis.

For instance, few will argue against the soundness of the system of farm management which diversifies sources of income.

It is also generally agreed that efficiency in the conduct of farm business is one of the practical methods of meeting the difficult agricultural situation. The wide range in cost of producing various crops on different farms in the same territory, as reported by agricultural research institutions, indicates that there are ways of cutting costs in farming as well as in other industries.

Go where you will in any farm community and you will find farmers who, through proper organization of their business, efficient management, selection of crops and live stock, and the practice of thrift and industry, have been making a consistent profit from their farms.

New Forces are Helping Farms

SLOW-MOVING economic forces are also getting in their work. Our constantly increasing population and its drift from country to town—in other words, from the ranks of the producer to the consumer—is bringing about a correction of our troubles.

An equilibrium between producers and consumers of farm products is not far in the future. Supply and demand are coming more into balance as yearly we are seeing cost of production lowered and prices for farm products increased. Now, as at no time in recent years, the producer has a chance to get back his production costs plus a reasonable return for labor and investment.

The efficient farmer of today, farming under a plan adapted to his peculiar soil, rainfall and climatic conditions, is doing well. That probably can't quite be said of the average farmer, although there are signs that he also will soon be farming at a reasonable profit. But the inefficient ne'er-do-well farmer will never reach that happy state.

Any governmental paternalistic plan that contemplates putting this type of farmer on his feet will most surely bring economic disaster.

(Continued from page 19)

"Summing it all up, then?" suggested the Banker.

"Good!" exclaimed the Statistician. "And make it clear to the Governor that Mr. Hoover has asked for precisely that kind of cooperation."

A collection of various kitchen tools and utensils, including a whisk, a rolling pin, a grater, a strainer, a spatula, a brush, a bowl, a tray, and a small stand.



becomes
D*omesticated*

The lifelong endeavor of this Company has been to produce the most uniform wire possible and the finest wire products. Years of costly research, strict adherence to scientific methods and the most modern type of plant and equipment have made this ambition a reality.

WIRE

Round, Shaped Flat Cold Rolled Strip Steel, Welding Wire

WIRE ROPE

Drilling, Hoisting, Transmission, etc.

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**"Clinton" Reinforcing Fabric,
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WIRE CLOTH

**Mosquito Netting
Hardware and Industrial Hex
(Poultry) Netting**

FENCES

**Chain Link, Ornamental
SPRINGS**

SPRINGS
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Coll. Extension, Photograph
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**Bank Grilles, Cashier Cages,
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PERFORATED METALS

Grilles, Centrifugal Linings,
etc.



WICKWIRE SPENCER

Wire Products

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Buffalo
Cleveland

Worcester
Buffalo
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When writing to WICKWIRE SPENCER STEEL COMPANY please mention Nation's Business

Mr. Whoozis, the well known explorer, gives his check for 500 copies of the publication



Enter the Editorial Eulogizer

ALBERT S. CROCKETT

Cartoons by Card

ALMOST every day somebody stopping at any New York hotel whose name is mentioned frequently in the newspapers is called to the telephone to listen to something like the following:

"Is this Capt. John Smith? . . . Good morning, Captain Smith. This is Mr. Brown of the *Blank Blank Weekly*."

The name sounds to the average person very much like that of a widely circulated periodical, and it gains immediate interest.

"Captain Smith," the mellifluous voice continues, "we have written an editorial which deals with your striking services in behalf of the public (or it may be 'to the nation,' 'business,' 'international good will,' or something in which the hearer is particularly interested). We should like to publish it in our next issue which is about to go to press. However, before sending it to the printer I should like to read it to you. In a magazine of our importance we naturally desire to have our columns free from error, and it is only fair that you should be given an opportunity to make any correction you may think necessary."

By this time Captain Smith is all attention. Who wouldn't be if he shares the general desire to "see himself in print"? His reputation, he reflects, must have gone further than he had thought. Why, an ap-

parently important magazine is about to print an editorial concerning him; a big magazine, mind you! And he yields attention, while this comes over the wire:

"The name of Capt. John Smith should need no introduction, either to historians or to the general public of at least two countries, who have had reason to rejoice that a man of such distinguished parts elected to come to America in its early days and contribute of his great store of enterprise and valor toward the making of what is now the United States. The story of Pocahontas, with which Captain Smith's name is closely associated, is familiar to every schoolboy, and the deeds of Captain Smith himself, a modest gentleman as well as a great soldier, challenge the admiration of the world. We can assure the gallant captain that he is welcome to these shores, and we predict that when we make it widely known that he has come among us, his reception will prove in no way second to that which has acclaimed Col. Charles A. Lindbergh."

A pause to give the "tribute" an opportunity to sprout in soil that is probably extremely fertile.

"Is that correct?" continues the voice.

"Why—er—yes, so to speak," answers Captain Smith, duly impressed.

"You will understand, Captain Smith,"

continues the voice, with an accession of honey, "that we are only too glad to publish this editorial tribute. Naturally, you will wish some copies. Shall I put you down for, say, 2,000 at 35 cents a copy?"

And They Sell the Magazine

CAPTAIN SMITH probably knows nothing of the pitfalls of New York for the unwary. He reasons to himself, "By Jove, that is an agreeable sort of editorial. Nice to let these Americans know one is back and all that. An excellent thing to boost one's lectures—what! Under the circumstances one must not prove a niggardly Scot."

And so, aloud, he is apt to say:

"Thirty-five cents—oh, yes. That will be about one and six the copy. Perhaps I could use about 500. I say, make it 500, will you, old chap?"

"Very well, Captain Smith, I will send up a representative with a subscription blank."

A little later Captain Smith signs an agreement to pay \$175 for 500 copies of the *Blank Blank Weekly*.

Only, his name is not John Smith, as a rule, and oftener than not he hails from no foreign country, but from some town in the United States. He gets his magazines

We cordially invite anyone interested in the manufacture or sale of fractional horsepower motor appliances in the industrial, commercial or household fields, to inspect personally our factory and facilities.



What
goes into a

Price?

Millions of men and women invest each year in electrical household appliances. They give little thought to motors . . . assuming that motive power will always respond at the snap of a switch.

Buyers of electrical tools and equipment, by the hundred-thousand, likewise take for granted that motors will give them dependable, uninterrupted service. The motor, above all else, *must never fail!*

No single decision, therefore, deserves more careful investigation by the appliance manufacturer than selection of a source of motor supply. What he gets for the price he pays is all-important.

Builders of fractional-horsepowered appliances pay no premium for Domestic Electric motors . . .

but for the purchase price they receive advantages that cannot be obtained at any price in "stock" or "standard" motors.

Every Domestic motor is specially designed and built to serve the particular purpose of the appliance under actual working conditions. The principals of The Domestic Electric Company are trained engineers, experienced in appliance design and the problems of appliance marketing . . . they are in constant contact with Domestic customers, for Domestic operates

literally as a department of the businesses it serves.

These advantages are reflected not only in greater value to appliance manufacturers, but in greater satisfaction to final users. The list of Domestic-equipped appliances grows steadily longer and more impressive, because thoughtful manufacturers, in greater and greater numbers, are asking themselves, "What should go into a motor price?" . . . and are finding the answer in the unusual type of service rendered by the Domestic organization.

THE DOMESTIC ELECTRIC COMPANY

7209-25 St. Clair Avenue

Cleveland, Ohio

Domestic
FRACTIONAL HORSEPOWER
Electric Motors

SMALL MOTOR MANUFACTURE • APPLIANCE ADVISORY ENGINEERING



Crater Lake—Nature's mystery

*See this and the whole Pacific Coast—
Low summer fares start May 15*

IN southern Oregon is one of the scenic wonders of the world. This is Crater Lake, blue as indigo, round as a saucer, six miles wide.

Ages ago a volcano, probably 15,000 feet high, held its flaming torch above the Pacific's shore. Then it grew cold, glaciers took form, and great rivers sprang away to cut the Klamath, Rogue and Umpqua river valleys of today. At some later date a cataclysm engulfed the upper half of this vast mountain. *Seventeen cubic miles of stone* sank inwards—

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In 1853 a party of prospectors were ranging over the Cascade Mountains in search of a lost mine. The mine was not to be found. But the horse of one rider stopped suddenly, his feet planted at a steep brink. A thousand feet below lay this round, weird, flashing lake of deepest blue. For years the magic lake remained almost inaccessible, although stories of its mystery and beauty spread around the world. But today it is readily reached from Southern Pacific's SHASTA ROUTE—a most enjoyable stopover between Portland and San Francisco. Comfortable motor stages in the travel season, July 1 to Sept. 20, connect

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in due time. I have heard of no case where he has not received them. Some 499—or less—of his friends and acquaintances have received through the mails marked copies of the "tribute" which "one of New York's influential and well-known periodicals" has paid him. It may be that not until he discovers that New York newspapers and periodicals sold on the news stands display a lack of disposition to be as generous in their tributes does Captain Smith realize that he has been played for a sucker. And this sort of thing goes on every day in New York and has been going on for months.

The victims with whom I have come in contact are, for the most part, visitors at New York hotels whose names have appeared in the newspapers. But it is not necessary to be a visitor to New York to be approached in the same fashion. One reason more is not heard about the latter victims is that the average New York business or professional man dislikes to confess that he has been played for a sucker. The other, I have been told by persons informed, is that as the gentry practicing the game actually carry out their contract, they operate within the law.

The first case of the sort that came to my attention happened last year, when a wealthy American who lives abroad arrived at our hotel. This man, who occupies an official position, has lived so long in Europe that the ways of New York have become almost foreign to him. He knows the Manhattan of pre-war days, and probably cut his eye-teeth on the con games practiced hereabouts and in western mining and oil towns. The newspapers printed enough about his arrival to let folks know who he was, and before he had finished his breakfast that morning he was listening on the telephone to an editorial eulogistic of his services to his country as one of its representatives abroad. He readily agreed to subscribe for a few hundred copies.

It's an Unknown Weekly

HOWEVER, before the man showed up with the subscription order, my friend sought my office and told me what had happened. Now, I had never heard of the *Blank Blank Weekly*, and certain city editors I consulted knew nothing about it. Upon my advice he changed his mind about subscribing.

As time passed I heard of this or that patron of the hotel who had been invited to listen to enthusiastic editorials, and not a few were said to have subscribed to copies of the publication containing them. And then one day, through error, I came into direct telephonic communication with one of the operators for the *Blank Blank Weekly*.

It so happened that stopping at the hotel was a man whose last name sounds much like mine. Some of the daily papers had just carried an item about him.

"Good morning, Mr. Blank," said an

agreeable voice. When I had responded, I heard:

"This is Mr. Soandso of the *Blank Blank Weekly*." Then the voice gave me news of an editorial tribute which was about to be paid to my services—of what character I did not catch. As even a hard-boiled ex-reporter may prove susceptible to flattery, I let him read on. Suddenly it was borne upon me that I was being put upon a verbal pedestal because of my accomplishments in the shark-fishing industry. Then I realized what I was up against and that my wire had been given to the caller instead of that of the man of similar name.

So I broke into the eulogy.

"You've got the wrong man," I shouted into the transmitter. The person who was talking did not at first understand.

"I would advise you to lay off that stuff," I suggested, adding that the man whose ear was supposed to be receiving the tribute was a wise guy and might be disposed to act up. The telephone clicked and I heard no more.

He Didn't Like the Racket

THE next day in the lobby of the hotel I encountered the man for whom I had been mistaken the day before. He began to swear as soon as he saw me.

"Hey, what sort of game is this that's going on in New York now? Why, a gazabo got on the wire this morning and spilled a lot of hooey about myself and the shark-fishing industry. I listened until he got through, and then I gave him a piece of my mind."

And as his vocabulary had been vastly enriched by years of experience in the American Navy, I will not repeat what he told the gentleman who wished to sell him

a thousand copies of the publication which proposed broadcasting the value of the services of the man who had started a shark-fishing and reduction plant on a Caribbean island.

Just about four months ago a representative of an important commercial organization in the Far West arrived at our hotel. The morning after his arrival a newspaper printed an interview with him. While I was chatting with him his telephone bell rang. I could not hear the voice of his caller but I saw a smile of gratified surprise gradually spread over the westerner's face. He drew a long breath, sat erect in his chair and threw his shoulders back. He listened for some time. Then he said:

"Two thousand copies? And what did you say is the price—35 cents each? Well, I will write back home and see if the chamber of commerce would like to have that many."

That "wised me up." I began making violent motions. He slipped his hand over the telephone mouthpiece.

"That's the *Blank Blank Weekly*, is it not?" I asked.

"Why, yes," he replied, "but how—"

"You have just been listening to a eulogy of your services to your city and to business in general, have you not?" I continued.

"Why, yes; but how the devil—"

"And they want you to take 2,000 copies of the issue containing it, at 35 cents a copy?" I pursued relentlessly.

"Yes. Say, did you hear what that fellow said?"

Then I spilled the beans.

I should say that representatives of the *Blank Blank Weekly* have been reaping a rich harvest in New York from this latest operation of the sucker game. It is, in



Card

The business man who has been tricked into buying magazines destroys them shamefacedly rather than admit he was a sucker



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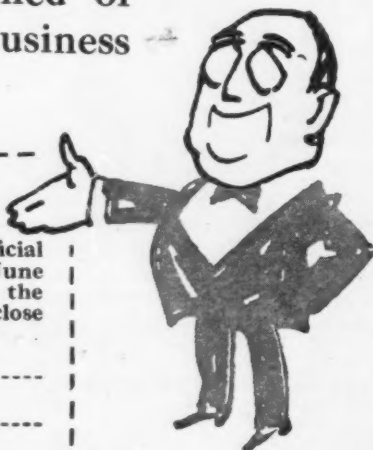
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CITY AND STATE



many respects, different from that of the old biographer or write-up man of more or less happy memory, but who still lingers with us. The appeal is the same; only, instead of embalming the subject in a biography, the editorial eulogizer actually prints his stuff in a so-called magazine.

He has become a nuisance which is seriously troubling the management of more than one New York hotel that feels a responsibility for its guests. On the other hand, he has caused a great deal of discomfort for certain newspaper reporters and laid more than one open to a charge of being a grafter. Not long after the episode last reported a columnist on a New York paper came to see me.

"That column of mine is getting me into trouble," he said. "No sooner do I mention the name of a person than a man calls him up, reads him an editorial tribute and tries to get money out of him for copies of an alleged magazine containing it. The victims seem to think that I use my column as a come-on."

"I'll bet that's the *Blank Blank Weekly*," I rejoined, and told him of certain experiences.

"Well, it has gone so far I don't dare go into some hotels," the columnist continued. "The situation has gotten so bad that my office has authorized me to go ahead and try to catch one of those fellows, and I want you to help me out."

So we cooked up an interview with a fictitious personage for his paper.

Forcing a Change of Tactics

THE bait worked, and the representative of the *Blank Blank Weekly* was received by a hotel manager and by the columnist, with such embarrassing results, that the next time I heard of the *Blank Blank Weekly* its operators had altered their tactics.

This instance followed another arrival from abroad of the same wealthy American who had first made me aware of the existence of the *Blank Blank Weekly*. He was called up by a representative of the *Blank Blank Weekly*, who had apparently forgotten his earlier experience.

This time the other did not read an editorial tribute. He said, however, that his publication was aware of the important services rendered by the visitor in behalf of his country and wished to write an editorial about the same. Therefore, he would like to make an appointment to obtain material for it.

My friend called me up and asked advice. I suggested that he make an appointment. An hour or so later my friend appeared at my office. He said he had left the caller in his sitting room and he showed me a contract, written in duplicate, whereby he would bind himself to pay 35 cents per copy for 500 copies of the *Blank Blank Weekly* of a certain date. I don't know how he got rid of the caller, but if he took my advice he certainly saved himself \$175.

The Map of the Nation's Business

(Continued from page 39)

apartments and office structures in excess of requirements. Building permit totals, it is true, showed a gain of 12 per cent, in March, over the like month a year ago but analysis of the returns shows that this was accounted for entirely by the Manhattan borough of New York City, where a large number of permits was filed to escape impending legal restrictions.

With New York's total deducted there was a decrease of 16.1 per cent from a year ago, while the quarter's total for all cities, New York included, revealed a drop of 3.7 per cent. This reduction in the value of new building found reflection in sluggish markets for building materials, notably common brick.

Lumber production was below orders, chiefly owing to the low level of forest and mill operations in the early part of the year.

An attempt by petroleum producers to reduce the overproduction of crude oil by means of international restrictive agreement was barred by an opinion by the Federal Attorney General holding that such an agreement might prove a violation of the antitrust laws.

Oklahoma producers, however, managed to cut down the output within their state to a certain extent. The country's production of petroleum in February was at the highest rate on record and the first two months of the year showed an increase of 11.7 per cent over a year ago, while consumption increased 13 per cent. Gasoline production and consumption gained 19.6 per cent and 7.5 per cent respectively over the first two months of 1928.

Some other unfavorable items may be briefly mentioned, these including reports that the rise in copper prices had affected sales of electrical apparatus, that some of the gain in unfilled steel orders was due to duplications of orders by consumers and that stocks of automobiles in manufacturers' and dealers' hands were much larger than a year ago.

Crop Situation Uncertain

THE crop situation was very uncertain. Winter wheat came through the cold season in better condition than had been expected, and the large stocks of wheat remaining from last year's crop, with the reduced level of exports, apparently pointed to a smaller acreage of spring wheat to be planted this year.

On the other hand, recent reports from Europe of adverse weather conditions may indicate a decline in the 1929 European wheat crop and a consequently better demand for our grain. Cotton planting has been delayed by wet weather

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and the area to be planted is in doubt. A reduction in the acreage planted east of the Mississippi seemed likely.

The general level of commodity prices declined slightly in March despite a sharp gain in the metals group, led by copper. Decreases were exhibited by most of the farm products, except in live stock, and by leather, naval stores and rubber. Wheat prices in March and early April came close to the lowest of the season.

Mail-Order Sales Gain

SALES of mail-order houses in March showed a gain of 27.8 per cent over the like month a year ago and there was an increase of 25.1 per cent for the first quarter. Chain-store sales rose 28.5 per cent in March and 26.2 per cent in the first three months of the year. Sales of the two groups of retail distributors combined showed an increase of 28.2 per cent in March and of 25.9 per cent for the first quarter.

These groups were evidently benefited by the earlier date of Easter, as were the department stores, which, despite the shorter working period in March, revealed an increase of 6.1 per cent.

Percentages of increase or decrease revealed by other statistical measures for March and the first quarter may be of interest. Steel production in March showed a gain of 12 per cent over the like month a year ago and for the three months' period there was an increase of 10.3 per cent while both monthly and quarterly totals set new high records for all time. Pig iron production showed a gain of 16.1 per cent for March and of 15.6 per cent for the quarter, the three months' output being the largest for any like period, except the second quarter of 1923. The increase in automobile production in March is estimated at 38 per cent and for the quarter at 50 per cent.

Freight car loadings on the Class I railroads for the three months' period were three per cent larger than a year ago, but 3.2 per cent below the like period of 1927, declines being shown in the movement of coal, merchandise, forest products, ore and live stock.

Revenue statistics for the railroads are available for January and February and reveal a gain of 5.1 per cent in gross income over the first two months of 1928, with an increase of 28.2 per cent in net earnings, operating expenses having risen only nine-tenths of one per cent.

Deliveries of raw silk to the mills in March revealed a decline of 4.2 per cent from a year ago and for the quarter there was a drop of one per cent. Silk imports, however, rose 5.6 per cent for the first quarter, despite a drop of 4.7 per cent in March. Orders for freight cars placed by the railroads in the first quarter of the year were nearly as large as the total for 1928, while unfilled orders for locomotives at the quarter's end were the largest since late in 1926.

Untangling the Government

(Continued from page 36)

earth and another department doing the conserving of its subsurface. This arrangement would be wholly logical if the major purposes here in mind were the promotion and development of the welfare and wealth of the mineral industry and the agricultural industry respectively and separately.

If, however, there is any validity in a major purpose of conservation for the general common benefit of our whole population, the arrangement thus proposed can never conceivably be granted.

On the contrary, instead of a further splitting of our public domain, there must be a reunion of all its minerals, of all its trees, of all its grasses, of all its waterfalls, of all its wild animal refuges, of all its recreational facilities, into one coherent conservational federal organization and movement.

The Conservation Agencies

THE Forest Service, which has been magnificently conducted, is dominantly a part of that movement and accordingly is marked by fate to be a part of that organization.

So are the fishes of the Department of Commerce.

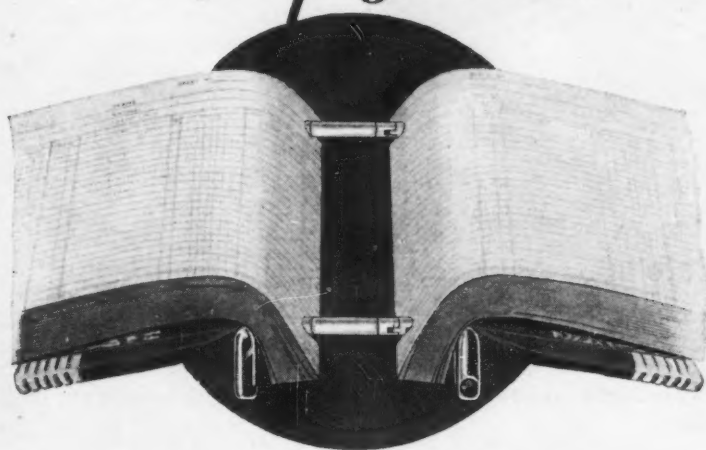
The Bureau of Fisheries of the Department of Commerce struggles against the decline in the number of our fishes just as the Forest Service of the Department of Agriculture struggles against the decline in the number of our trees, and just as the Biological Survey of the Department of Agriculture struggles against the decline in the number of our wild animals and just as the General Land Office of the Interior Department is now beginning to struggle against the national decline in the volume of our underground petroleum and other mineral deposits.

All these efforts, no matter what incidental and varying commercial connections and consequences they may have, are primarily dedicated to conservation rather than to what is technically called promotion.

It should be noted that we have two great promotion departments. The Department of Agriculture and the Department of Commerce are engaged, respectively, in promoting the immediate prosperity of our agricultural industry and of our nonagricultural industries. It is right to put into those departments all agencies which, like the Department of Agriculture's Bureau of Agricultural Economics or like the Department of Commerce's Bureau of Foreign and Domestic Commerce, are primarily promotional.

It cannot be truly said, however, that the Bureau of Fisheries of the Department of Commerce is primarily promotional. The great aim of that bureau is

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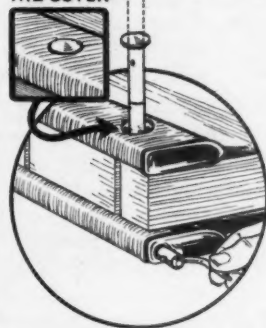
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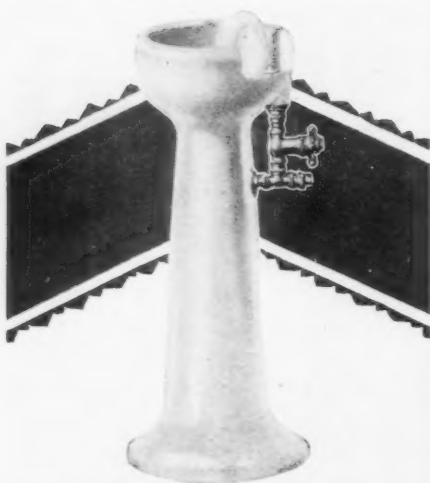
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not to spur us onward in attacks on the fishes but to accumulate fishes to take the places of those we have already attacked and consumed. Last year, from its hatcheries, the Bureau of Fisheries deposited in our oceanic and interior waters more than seven billion fishes and fish eggs.

The Bureau of Fisheries also protects sea otters, sea lions, fur seals and foxes in Alaska, where the Biological Survey of the Department of Agriculture also conducts its interesting experiments with the reindeer which so famously and fatuously belong within the jurisdiction of the Bureau of Education of the Interior Department and where the inquisitive scientists of the Biological Survey have persuaded caribou to intermarry with reindeer and have thus produced six mixed breed fawns which were five pounds heavier at birth than ordinary reindeer fawns.

Who can seriously deny that all these endeavors, no matter how promotional in their ultimate results, are dominantly conservational in their instant prime aims and acts?

The Secretary's Job

As for the great parks of our National Park Service, they are, of course, completely conservational in their final purpose as well as in their immediate nature.

Dominant opinion accordingly among the most authoritative federal reorganizers in Washington at this moment would erect in the Department of the Interior, rechristened "The Department of Public Domain and Public Works," an Assistant Secretary of Conservation with a Conservation Division under him containing most, if not all, of these federal agencies.

1. The General Land Office of the Department of the Interior because it deals with the vast expanses of our unappropriated federal lands which should be administered now in the spirit not so much of promoting as of regularizing and even checking the depletion of their surface and subsurface resources.

2. The Bureau of Indian Affairs of the Department of the Interior because it deals with extensive Indian lands producing large quantities of minerals and metals and trees.

3. The Geological Survey of the Department of the Interior because it does the drilling, mapping, and other labors which result in the classifying of different areas of our public domain for different varieties of potential usefulness.

4. The geodetic part of the Coast and Geodetic Survey of the Department of Commerce because it does the fundamental surveying underlying the mapping of the Geological Survey.

5. The Forest Service of the Department of Agriculture because every inch of land which it administers was given to it primarily not to be an hourly aid to business but a timeless reservoir of resources.

6. The Federal Power Commission be-

cause virtually nine-tenths of the applications coming to it for the use of water in the development of hydroelectric power deal with water flowing in our unappropriated Federal lands, our Indian lands or in our national forests.

7. The Bureau of Fisheries of the Department of Commerce because it deals with more fishes.

8. The Biological Survey of the Department of Agriculture because it deals with more wild animals of all sorts and because its refuges are simply national parks for our subhuman fellow citizens.

9. The National Park Service of the Department of the Interior because it conserves eternal recreational facilities for our human population.

10. The National Forest Reservation Commission because it purchases enormous tracts of land for our system of national forests and because it is surely preposterous that this purchasing should be done, as it now is, under the chairmanship of the Secretary of War. A Secretary of War exists for a purpose precisely the opposite of conservation. His great mission is to get ready to fight and to destroy. He should be left free for it.

Such is the picture in this matter now drawn by our federal reorganizers in the administrative branch of the Government. The basic question remains—should there be, or should there not be, a major purpose of conservation? That question can be settled only by Congress.

We must accordingly interrupt our ready renovating of our federal administrative machine to look for a moment at the character and views of our legislative masters on Capitol Hill.

A fourth fact-finding article by William Hard on reorganizing the Federal Government will be published in the June NATION'S BUSINESS.

Making Sales Easy

THE discovery that clerks in retail stores, as well as the forces of Nature, follow the lines of least resistance has brought about a substantial increase in sales for a certain nationally known manufacturer of men's furnishings.

This manufacturer's sales manager strolled into a haberdashery recently and asked for an article included in the line of goods his company makes.

"Why did you hand me this particular make of article," he asked the clerk after his purchase had been wrapped and handed to him.

"No particular reason, except that it was the easiest to reach," the clerk answered.

The sales manager turned the clerk's reply over in his mind. Then he ordered his supervisors to concentrate on getting the stores that carried his company's products to place them on shelves of elbow height—with the results noted above.

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that will pay enormous dividends. Here is a great concentration of consumers who possess more than average per capita wealth. San Francisco, the central city of this rapidly growing market, is the logical point from which to conduct such a business survey, or to serve this market.

11,000,000 people who live west of the Rockies can be more quickly and economically served from San Francisco. Half the population of California lives within a radius of 150 miles of this city, while 1,600,000 people live within a radius of an hour's ride

Here, too, is the natural gateway to markets formed by the 900,000,000 people in the lands bordering the Pacific. These people are awakening to modern progress and demanding modern products. Thus even today while this development is in its early stages, San Francisco's port



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business ranks second in the United States in the value of water borne tonnage.

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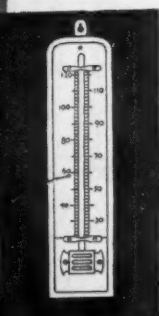
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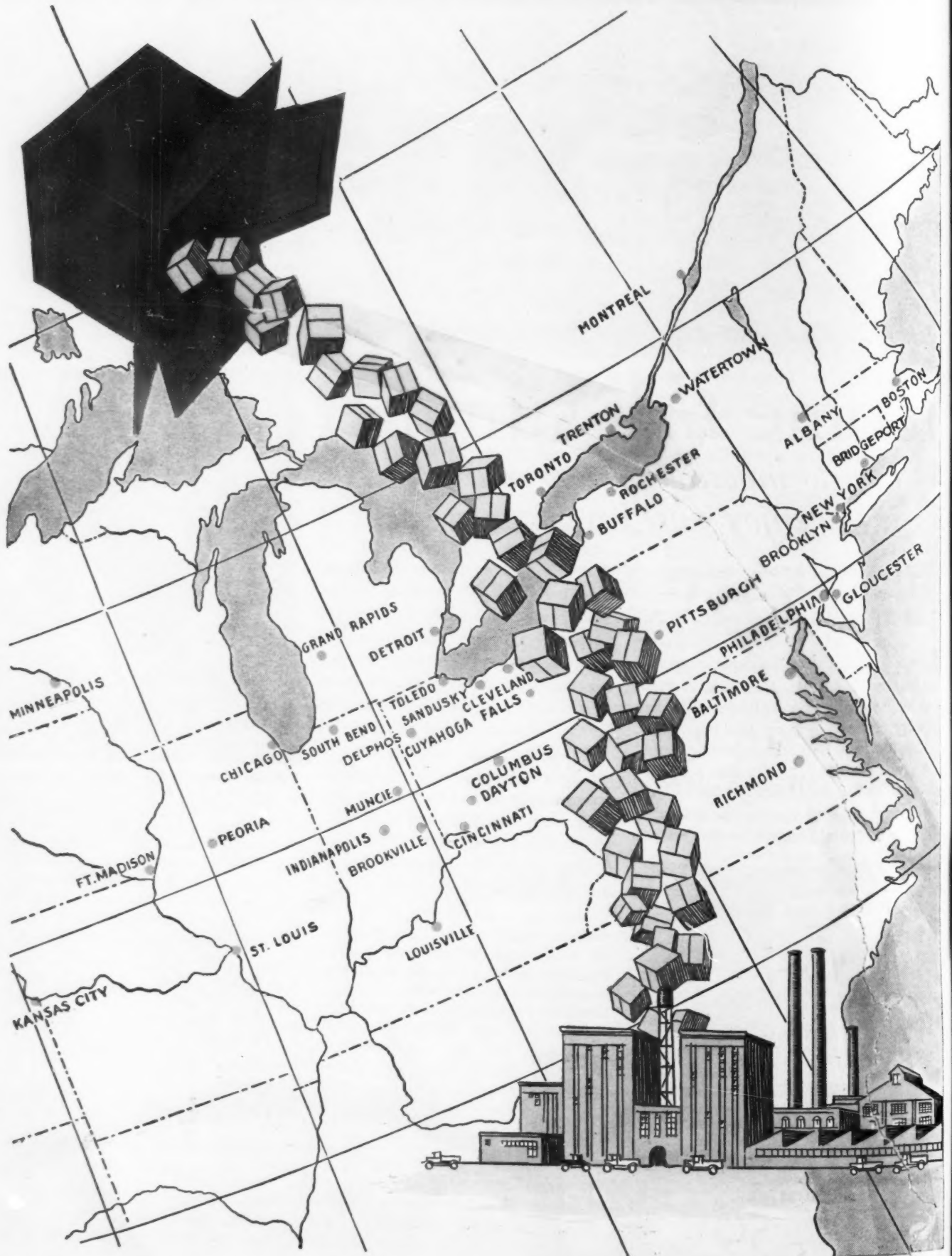
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Be a Collector and Live Longer

By JAMES E. BOYLE

Professor of Rural Economics, Cornell University

Illustrated by D'Arcy

I HAVE a feeling that most business men die too young. I have noticed, for instance, that former presidents of the Chicago Board of Trade have died while still comparatively young or middle-aged men.

Like most men of large business interests, they do not play enough. They are married to their business. This sort of life dwarfs a man and cheats him out of the good things within his reach.

So I am preaching a layman's sermon to the business man. The purpose is not to scold; but to exhort him to increase the dividends of his own happiness by 50 per cent or more by adopting a new and happy hobby—that of collecting. Preferably he should be a book collector.

"But," the business man may ask, "what is there interesting left for me to collect?"

The whole ocean of curious, interesting and valuable things remains to be explored. Chancellor Snow became famous as a bug collector, or rather as the collector of one particular bug. The British Museum had to borrow this insect specimen from him because it did not have one like it.

Since there are already 700,000 named insects in the world, and more than twice that many yet unnamed, it is obvious that if any man wants to be a bug collector he has his life work cut out for him.

One friend of mine is a botanist and now



Collecting increases happiness 50 per cent

has more than 100,000 named specimens of plants in his private collection. A Chicago journalist is a collector of aquatints. The late Professor Tichenor was a collector of clocks and old coins.

But I believe book collecting is the easiest field to get into and out of, and the one offering the most opportunities in any neighborhood. Books, diaries and similar written records migrate readily from the original homes to the cities, villages and farm houses of the United States as well as other countries.

Journals Hold Interest

IF the collector takes to books and manuscript records rather than to botany, or entomology, or art, or antiques, he will have a rich field right at his door.

One young man I know started to collect records showing the agricultural history of one of the eastern states, especially such records as farmer diaries, account books, journals, old letters, county fair posters, premium lists, journals and ledgers of old grist mills and flour mills, old country stores, and so on.

In a few trips in his car he collected in one county more than 100 old diaries and note books of farmers.

In one case a farmer's diary, covering a period of 55 years and filling five large volumes was obtained. This record gave the daily life of the farmer and his community from the time the man was 18 until his death at the age of 73.

Another amateur collector was gathering written records of early agriculture in Jefferson County, New York, in the form of farmers' diaries, journals, account books and letters. He reported to the local newspaper the story of his best finds. A copy of this paper went to a subscriber at Pontiac, Ill., a woman 80 years old.

She at once wrote to the collector that this story reminded her of her father's old diary which had been in her possession for years and which she would like to see go back to its home state to stay since she was near the end of her life. So the diary came to the collector. It proved an exceedingly interesting document because it gave, among other things, the farmer's intimate experience in the panic of 1837.

These stories are typical. Every old farm house or village or city house has hidden in some old trunk or attic precious records which, in nine cases out of ten are lost forever. The first big surprise in collecting is the amount of good material close at hand once you begin to search in



The preacher found the barber about to tear a page from a rare old Bible

earnest for it. The pursuit is full of pleasant surprises.

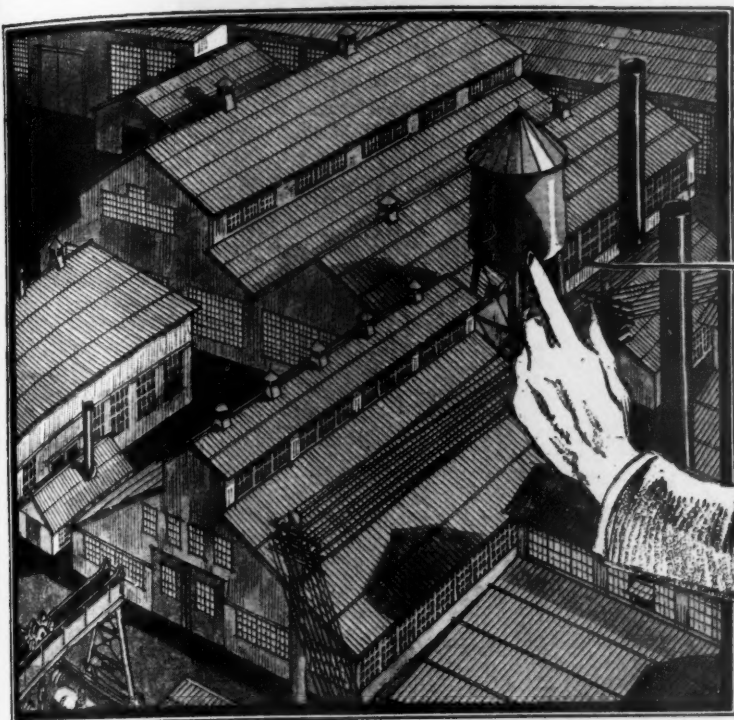
Recall, for instance, the New England preacher of the early 1800's who was a collector in a very humble way. His hobby was rare Bibles. He had heard of the Eliot Bible printed in America in the Mohican language and knew that one copy had gone to Charles II of England. But he had never hoped to buy a copy for himself.

One day he was in a village barber shop. The barber turned to a curious old book and was about to tear a leaf from it to use for shaving paper. The preacher, having



Every farmhouse has a trunk full of precious records in some old trunk

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Sunday May 12th

WHAT A CHARMING custom it is, to give Mother flowers on Her Day. Wouldn't it be fine for your family to adopt the idea this year? Mother is always doing tender, thoughtful little things for us. Now, here is something we can do for her that will give pleasure out of all proportion to its trifling cost

Say it with Flowers



LOOK FOR
THIS SYMBOL—THE SIGN OF A GOOD FLORIST

a tender conscience toward violating any book, stayed the barber's hand.

To his amazement the old book proved to be a fine copy of the Eliot Bible.

Thus, in the most out-of-the-way places does the collector make his best finds. Examples like this could be multiplied almost without limit.

The business man who starts to collect books, manuscripts, diaries, journals, letters, treaties, contracts, decrees, mandates, or any other form of records dealing with the evolution of his own business will



Any man who wants to collect bugs has his life work cut out for him

have a hobby that will grow in interest during his whole lifetime.

Is he interested in textiles? Then he will be interested in that period some 80 to 100 years ago when the craze of silkworm culture swept this entire country. It was a grand orgy of speculation. At least six journals devoted to the mulberry tree and the silkworm were started. But who now has complete sets of these journals? No one, so far as I know. Yet they could be collected. They would be more than curious—they would be object lessons in unwise speculation. It would probably take a live collector 15 years to assemble complete sets of these old silk journals.

Banking offers a much wider field for collection of documents for there have been so many vicissitudes in this business.

All the great businesses and all the professions offer magnificent and tempting opportunities to the collector. In a small way I have been collecting material on the grain trade for 25 years and can testify to the zest of it. Not only do these old documents have educational value but they have great human interest. They reproduce not merely the facts but the spirit, the very atmosphere of the past.

The book collector has another advantage. He can devote as much or as little time and money to his hobby as he pleases. Some collectors get much enjoyment out of spending as little as \$100 a year; some spend as much as a million. There is a wide range of choice here.

The main thing is to get started on this new adventure. For collecting will keep a man young, prolong his life and make him a better husband, father, business man and citizen.



PROTECT LIFE AND HAPPINESS AS WELL AS YOUR DOLLARS

The clouds of smoke pouring from business smokestacks and from residential chimneys are menaces to the health and happiness of every citizen.

Respiratory diseases flourish wherever smoke clouds obscure the sun; vitality is lowered; certain malignant scourges seem to prosper; children fail to develop as they should.

But if the plea of humanity cannot move one to do his share to abate the smoke evil, perhaps the loss of the dollars and cents that smoke destroys may bring action.

Various estimates place this loss in the United States to be about \$500,000,000 yearly—a fearful tax to pay for the privilege of injuring health and destroying beauty.

Metals corrode faster, masonry disintegrates, buildings must be washed expensively, materials wear out more quickly, plant life is starved, stocks of goods are depreciated, working efficiency is lowered and fuel is wasted.

In power plants smoke abatement and operating savings can be made by proper firing and proper equipment. Individuals, whose collective efforts, in Chicago, for example, account for 56% of the smoke nuisance, can most easily, satisfactorily, and economically do their part in preventing smoke pollution by burning sootless, smokeless Famous Reading Anthracite.

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South America Awakes

(Continued from page 30)

direction. Some of the current struggles for South American markets will be out-of-date in another generation.

For example, Brazil, the Argentine, possibly other advanced countries like Chile, will be making their own fabrics.

Thus, in the comparatively near future, North American and world business must accept the South as a powerful competitor in important food, textile and ore markets at least—possibly in others.

That time is bound to come as the untapped wealth of this great continent attracts capital, engineering skill and industrial experts. Most of these necessities must come from nations outside South America. The United States is the natural country to supply them but already the Germans and French outnumber us in one important field—aerial transportation. And the airplane and auto will, because of the nature of the country, play important parts in the development of South America.

Talk of railroad development in this mountain-slashed and water-bound country is, so far as I observed, obsolete. Time was when the prophets of the two Americas considered the idea of a Pan-American railroad, a line of continuous communication from Toronto to the Horn. Progress has dissipated that dream; there are now cheaper and better ways.

Sector after sector of that line, as it exists on paper, must traverse country which could be engineered only at fantastic expense.

One who has never seen the Andes can but dimly imagine what barriers they present. Possibly most of my readers know that South America, in all its length of some 6,000 miles, is traversed from west to east by only one railroad—that between Valparaiso and Buenos Aires. In its critical stretch across the Andean passes it is a cogwheel affair and an engineering marvel of the world.

A Railroad Like An Elevator

YOU reach La Paz, capital of important Bolivia, by another cogwheel road that rises like an elevator and reaches, before it drops into La Paz, an altitude of 15,000 feet. That is 500 feet higher than the summits of Massive and Whitney, king-peaks of our Rockies and Sierras. Opening up this world by railroad would be slow, very slow.

So South America must depend on the automobile and the airplane. The automobile will do marvels for regions and resources that are awaiting means of transportation. The new government loans for transportation purposes envisage only highways.

We, who have stretched our own net-

work of improved roads from coast to coast, know more about highway construction than any other people. Besides providing the capital, we should inevitably take part in the work. Finally, we are providing, and will continue still more to provide, that which goes on the highways—the automobile.

Our low-priced and moderate-priced cars, even when they come out from behind the intrenchments of the tariff, are beyond competition. The automobile era has begun in South America; it is a craze, a furore.

Planes May Hurdle Barriers

FURTHERMORE no picture of a South America waking to a strong material development is complete without the airplane. Perhaps, when we work that machine out to its perfection, not highways but the air will surmount the barriers of the Andes and the Amazon. Most countries have installed air-mail lines, and found them a notable success. In Peru, certain towns were but a year ago eight days, by llama-back and country stage, from Lima. Now they get the Lima mails in six hours.

I mention Peru by instinct because that is the one country where an American firm is doing the job. In Colombia, the Argentine and Brazil, the Germans and French have beaten us to the field.

Notably, France has her subsidized Paris-to-Buenos-Aires line; all air except the stretch from the bulge of the African coast to that of the South American, which she covers by a line of packet steamers subsidized at \$3,000,000 a year. This transmission takes nine days, which may shortly be pared to eight.

Experts say that with proper land facilities we can send mail from Washington to Lima in 36 hours, and to Buenos Aires in 74.

Judging by the Peruvian experiment, the local traffic will be heavy enough to carry the enterprise, without need of subsidy.

Lindbergh has set another link in this route. It seems likely that within a year or so the 36-hour mail to Lima will be a reality, and fast communications are the postulate of all intensified relations, whether political or commercial.

Whatever else he has or lacks, Hoover is endowed with the precious quality of foresight. Doubtless, it was his sense of this new forward thrust in South America and of our inevitable part in the coming era which inspired his quietly original act in taking his last vacation as a private citizen down under the Southern Cross. It was time, he must have felt, to begin laying foundations sound and true; to kill in the egg those misunderstandings which might lead on their part to undue suspicion of this powerful northern neighbor and on our part to the outworn and dangerous nineteenth-century policy of making the flag follow trade.

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Electric refrigeration in hundreds of thousands of American homes, is now a commonplace cold fact. Its *automatic efficiency* is so entirely carefree, that while families may marvel at its mysterious workings, they are but little concerned to know the scientific and mechanical reason for such constant and dependable operation.

One factor is of Particular Interest in this magical mechanism of the high grade electric refrigeration, that factor is the famous Sylphon Bellows. It is the faithful guardian, the canny hand, which, as changing conditions demand, automatically turns on or off the power current to the compressor. The Sylphon Bellows' job is to maintain in food compartments and ice cube trays, a constant temperature,—exactly at the predetermined point, and year in and year out—it does it.

THE *Sylphon* BELLOWS

The Sylphon Bellows originated and patented by the Fulton Sylphon Company is the motor element in thousands of thermostats in the most highly recognized radiator traps, refrigerators, automobiles, industrial and building temperature regulators and many other diaphragm applications.

Drawn and formed without seams from a sheet of specially prepared metal, it requires many exacting operations to form the corrugations which provide smooth and quick response to any contracting or expanding impulse.

Sylphon Regulators for the control of temperatures or pressures of air, liquids or gases have for many years found extensive and diversified employment and are favorably known to engineers, architects and manufacturing executives. To those interested we extend a cordial invitation to submit to our engineers (without obligation) problems involving Sylphon Temperature or Pressure Control.

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PACIFIC

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The New Woman in Business

By AGNES C. LAUT

Author of "Heralds of Empire"

I HAD the good fortune, while crossing the continent last month to meet a type of business woman whose amazing climb on the ladder of business has left me quite breathless.

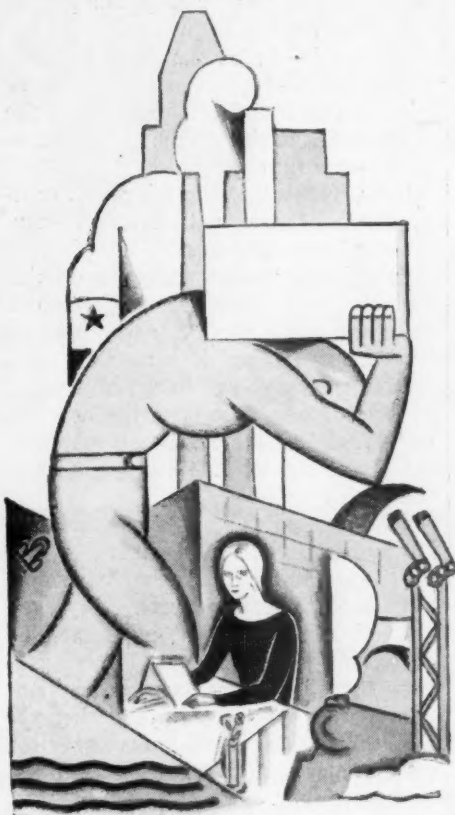
She is the woman buyer for the big department store shop, the chain store, the mail-order house, the exclusive specialty costume place. I had encountered the woman buyer frequently before, on her yearly or half-yearly journey to Europe to do her major buying or to try to foresee what styles were to be dictated from Paris.

Ten years ago, I was interested to learn that some of the best buyers were earning from \$10,000 to \$20,000 a year—more than the majority of state governors, much more than the vice presidents and assistant executives in big corporations, as much as the best paid university heads, and, on the average more than many stars in the theatrical and operatic world.

When I say best buyers, I mean buyers who could forecast what the public would take and what it would not, and who were such good judges of real values that their houses would not, in the swift shift of fashion, be cluttered with costly leftover stocks to be sacrificed or made over. Women buyers, handling from \$500,000 to \$1,000,000 for their firms, were worth \$10,000 to \$20,000 a year—and they got it.

But now we have an entirely new type. They are going east from the Pacific Coast every month or every two months. They are going from interior points, such as St. Paul and Denver, every month or two weeks. From Chicago, Pittsburgh and such centers they are going every week. They are not buying much at a time, but they are buying closer to public demands. By watching closely the turnover in their own departments, they are feeling the pulse of public demand. They are letting public demand create the fashions, rather than permitting the fashions to dictate to the public taste.

That, of itself, constitutes a revolution. It touches every line from shoes to hats.



MODERN business and the woman worker have changed their attitudes toward each other

The woman buyers told me they ascribed a great deal of this change to the motor. Women no longer waste time changing costumes three and four times a day. They demand clothing that suits them. They will no longer have dictated to them from any fashion center what doesn't suit them.

And they are buying in the cities of the eastern states, not Europe. That is another revolution.

A Lesson on Real Values

THOUGH I am no fool on values this new type of buyer taught me more concerning true values than I ever knew before.

Take, for instance, what we call twilled cloths for suitings. I don't suppose there is a man or woman who has not had both pleasant and unpleasant surprises in such suits. You had one suit and it pretty nearly defied time and wear. You became so enamored of that cloth that you at once bought another suit just like it.

Just like it, but not quite. This new suit

did everything it should not do and left undone all the things it should do. It cost the same as the other. Yet you had to discard it at the end of three months' wear.

"What was the matter with it?"

I asked the question of a buyer from St. Paul, who used to be a buyer for a big San Francisco house.

"Well, first, there was the war," she answered.

"What had the war to do with suitings?" I asked.

"Everything," she laughed. "Perhaps you remember the shift from European dyes to American dyes."

I did.

"Then, you will recall we had some trouble getting our dyes as fast and deep and rich as the European dyes. We have a lot of American dyes right up to the mark now. Before buying you should have taken those goods into the sunlight and examined both sides, especially with the light on a slant. Then you'd see the difference between a fast, rich, holding dye and a dye that would fade. But that isn't all. You should have examined the reverse side of the stripe to see if it was shoddy or the same fiber as the main goods."

"What do you mean by shoddy? As much wool in the stripe?"

"No, not necessarily. By shoddy I mean fewer strands of the fabric in the stripe."

"But how would a greenhorn detect that?"

"Give it a hard jerk east and west, examine it closely, and you'll see what fiber gives and what doesn't. Mind, I'm not saying there isn't a place in trade for cheap goods. There is. Many people can afford only cheap goods."

"In other words, let the buyer beware?"

"No be aware and pay high prices only for true values. If you are going to wear a suit for only one season or subject it to frightfully hard usage you are foolish to buy high-priced goods."

My next illumination as to values came from a woman buyer of imported and domestic hats. Now, it so happens that my life for six or eight years has been one of

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constant travel by train and motor. Often I have to face public audiences without a change of vesture. Obviously, a cheap hat won't "stay put" with that sort of usage. I have had to buy expensive hats. I would be ashamed to confess what I have had to pay for them and I am still more ashamed to acknowledge that after three months of such wear as I give them they resemble the playthings of a puppy.

I pulled out my hat box.

"Now this—I am ashamed to say what I paid for it—"

"You don't need to. I know. It's the most expensive fiber on the hat market—pure beaver fur clip."

"Yes, but look at the thing—it's saturated, almost tawny with dust and damp. It's absolutely shapeless."

"Yes, but do you know what we do with such leftovers in our shops? We reblock them and retrim them to what the public demands and get the same good price for them. Now don't you dye this again. It is too good. Take it to the best hat cleaners and reblockers. Have it reblocked to—," and she told me her judgment of the coming styles.

I resurrected two other hats and, following her advice, I had three new hats for the sum of \$6. I realized why she was so valuable to her employers.

Another buyer taught me something concerning values in shoes. I don't suppose there is any woman who was not caught with high-priced boots when the shift to low shoes came. I was one of the unfortunates; I had about \$60 sheer waste in my boot box.

"Have 'em cut down to shoes of the latest shape," the expert shoe buyer advised. "Then to save your stockings where the sharp back edge cuts the heel have a chamois protector glued in."

Following her advice, I spent \$1.70 and saved \$60.

So I could go on and multiply examples of these women's knowledge of goods and values.

Are such women valuable to their employers? They are earning all they are paid and many times over.

All began at the bottom of the ladder of business—one at \$4 a week as a child "cashier" in the old low-wage era; another in the basement on a bargain-sale counter; another as a demonstrator in an importing department; yet another as a sample saleswoman among the shoe fitters.

They Have Many New Fields

SO one could go on and tell the story of women in insurance, in banks, in bond houses, in real estate, in accounting, and as diet directors in hospitals, restaurant chains, and great corporations' lunch rooms. The latter, a few years ago, would have been regarded somewhat as upper cooks. Today, they are regarded as the guardians of health, experts who prevent waste of good foods. Many are university or hospital graduates who—seeing

more teachers graduate than there were schools, more doctors than there were patients, more lawyers than there were clients—caught the new economic spirit and shifted their own inclinations and personal abilities into less crowded fields.

It is well known that in New York one of the best bond "salesmen" is a woman whose name has never once appeared in print but whose earnings approximate \$30,000 a year. Two of the best real estate agents in New York—whose valuations are sought by both buyers and sellers and whose advice is as good as their bonds—are women. One has been the friend of Presidents. The other has colored blood in her veins.

Maids Who Hail from College

ONE of the revolutions in business life that has struck me is the change in the status of the colored maid in Pullman cars. To many she is still only "maid, maid," to be at beck and call, always courteous, always patient. But talk to some of the newer maids, those under 50 years of age. You'll find them full-fledged university graduates. I know one who is educating her son as a doctor in Philadelphia. Another is putting her son through the great surgical schools of Europe so that he can come back and be a professor in his own colored schools.

For years in New York, I employed as taxi man an old colored fellow who lied about his age to hold his license and who obviously couldn't resist the bottle. But his taximeter never lied, nor jiggled suddenly when you were not looking. One day, when he had scraped three cars ahead going into the Grand Central Station and all the colored redeaps had laughed, I exclaimed:

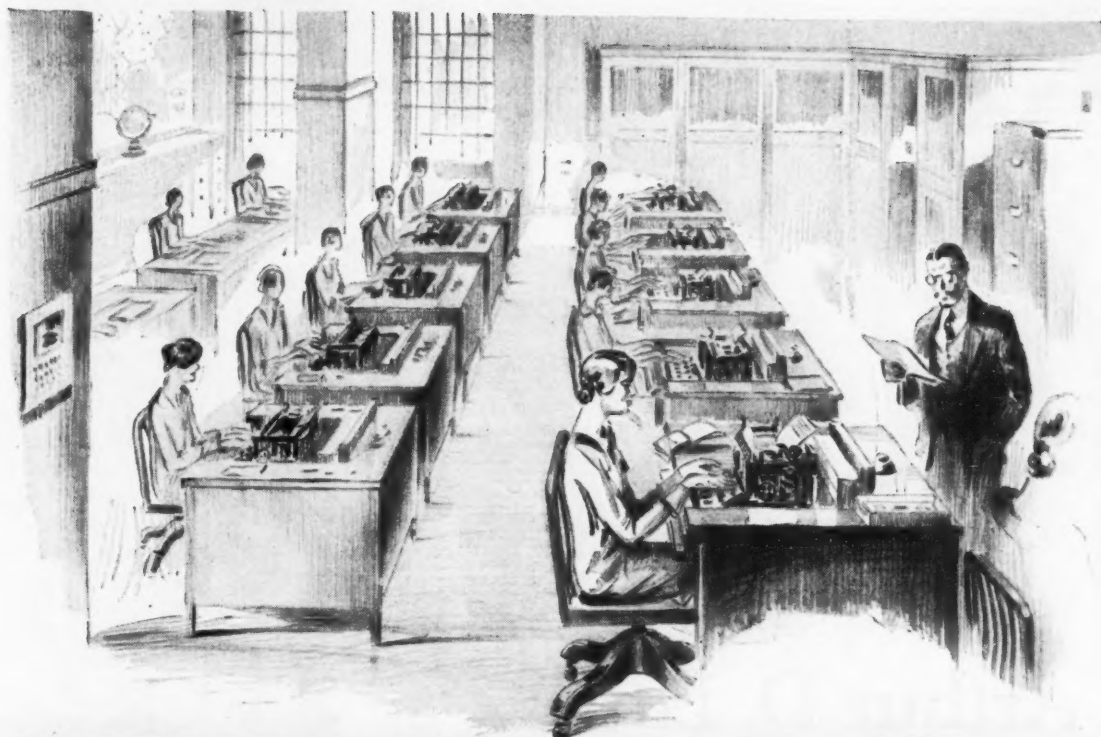
"Look here Pat, you've got to let up on the bottle or you'll smash your neck, or smash mine."

"Sure I won't," he answered, "the cops all know me. I'll not get pinched! I'm 72. Me and the missus reckon our kids'll finish this year and then we'll both sit back pretty. Youngest boy finishing Boston Teck now. One girl finishing university course here—other boy and girl finishing off hospital courses in Europe."

And it was true. All have finished their courses and the old couple—his wife was a scrub woman—are "sitting back pretty." One of the girls, as I recall, became a diet specialist and the other an anaesthetic specialist for surgery. They had caught the new idea during the war.

But how high will or can women go on the new ladder of business? How can women gain the same chance as men to go up to an executive position, or to become part owner in their venture? How can they insure their economic security?

Parents who are asking these questions should get out of their heads the foolish idea that modern girls are desirous of deserting their old duties to husband, children and home. Their home job has gone



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Proper distribution of weight—correct sitting—is always maintained.

Then their welded, one-piece construction does away with squeaks and groans that come from loosened dowels—dried-out joints. Their exquisite finish—in flat enamel colors or in wood effects—makes them forever free from splinters that tear stockings and rasp the clothing.

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Arthur D. Little thinks that Louisiana is a Chemical El Dorado

In a recent issue of "Industrial Bulletin," published by Arthur D. Little, Inc., internationally-known industrial chemist, particular attention was called to the natural resources of Louisiana. He points out that the mineral resources of the state are a surprise to those who usually think of Louisiana as an agricultural state. With immense salt deposits of 99.8% purity, with the large petroleum production, with the largest natural gas reserves of any state in the Union, the state likewise has considerable deposits of gypsum, sulphur, clay, building stone, and lignite.

He says further: "Louisiana has a prosperous and diversified agricultural industry. Fertile soils still uncultivated, rich mineral resources, excellent transportation, cheap fuel, a healthful climate, and a better supply of labor than is possessed by most states. These promise a rapid development of the resources of the state and a stable pros-

perity. Few places in the world are better fitted to serve as the center of chemical industries."

Free Information

A nationally-known firm of engineers has recently completed "A Survey of The New Orleans Industrial Zone." Write for a copy. Any specific information, technical or otherwise, will be furnished free, on request. Address:

New Orleans Association of Commerce

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out of the home. What they are doing is to chase after it—generally to support the home, often to support dependents. In other cases, they have gone out of the home because their hands were idle and lives vacuous. They sickened of being Ibsen "dolls" and set out to become something besides wax figures.

Where modern women have gone into the great stores, the dye works, the manufacture of clothing, what have they done? Just what their great-grandmothers did when they carded and washed and dyed the wools and flaxes and wove them into clothing for the family.

The girl preparing for a business career and wondering what vocation to follow should consider first, the question of happiness. Anyone is a fool to go into any vocation in which she will not be happy. I know a Wall Street business man who says that unless a man can sing or whistle over his task in sheer gladness he will not succeed—he will be a square peg in a round hole.

Education That Can't Be Used

THEN there is the personal equation. Why should parents force a girl through a university career if she has neither the desire for it nor the ability to use it? She may be a born saleswoman, a born hat trimmer, a born designer of gowns, a born cook, a born nurse, a born scientist in plant life, animal life, conservation of health. Why jam her with a type of knowledge she can't acquire and so can't apply?

The big departmental and mail and chain houses, with few exceptions, are now closed corporations and she can't become an owner there. Especially is this true in the East, where big corporations are pretty well locked up in men's hands. But in a changing world, particularly in the West, these things are shifting and the woman equipped by training and experience will find it possible to come into her own business or to create and manage her own firm.

One point should be kept everlastingly in mind. Necessities are ever in demand; luxuries only as the public mood shifts and veers. Production and distribution of necessities involve sure jobs, good times or bad times. Production and distribution of luxuries provide sure jobs only so long as times are good and money plentiful.

With these things in mind let the ambitious girl or woman set out in the pursuit of knowledge and understanding. Let her gain experience and learn how to apply it, cherish wisdom and cultivate poise. Character, home training, self-training—these are equally important. Further let her gain the discipline taught by hard knocks and not whimper.

Finally, and I think this should be the guiding star of every life—let her build up health of body and health of mind.

Observing these things, however high the ladder may extend in the business world, woman can yet mount to its top.

A State Goes into Business and Out

(Continued from page 50)

it is impossible to separate politics from state affairs whether they involve the passing of laws or the making of farm loans. This political influence had a pronounced bearing on the career of Rural Credits System in South Dakota almost from the beginning. Political henchmen obtained loans directly or indirectly. Funds were placed in friendly banks without due regard to their stability. Loans were advanced to farmers with no thought to their character or earning ability.

This attitude was illustrated graphically by State Senator T. M. Bailey of Sioux Falls, chairman of the Rural Credits Investigating Committee, in an address delivered to the Farm Mortgage Bankers' Association of America at Nashville, Tenn. In citing details of the investigation, Mr. Bailey said:

The State Has No Choice

I ASKED the Rural Credits Commissioner to explain why one-third of the board's loans were delinquent on January 1, 1925. He said, and I quote him literally, 'The Rural Credits board gets all the poor quality loans, as the state has no way or no right to refuse, because a man is poor, to take care of his loan. Consequently we get all the poor loans and just a fair proportion of the high class ones. Consequently the large amount of our delinquents come, of course, from the poor class of loans, and from the fact that these people were heavily involved—mortgages and personal indebtedness—for the past few years. Their personal property was tied up in the local institutions, their crop mortgaged and it was almost impossible for the board to get any money.'

"The local bankers were in desperate straits, collectors getting every dollar they could from every source, and the general policy of the board was to be as lenient as possible with the borrower. Consequently there is no doubt but that they were taken advantage of in many instances by both the borrower and the local institution. But the Rural Credits loan, as compared with other loans, is not of the same grade straight through."

Another illustration of this was contained in an address made by Commissioner McCullough before the South Dakota Chamber of Commerce in January, 1928:

"It must be remembered," he said, "and the records will bear out the statement that while the Rural Credits Board was making a large number of loans to farmers, a great many bankers were in straitened circumstances and had a large amount of frozen assets. The loans were negotiated through these banks to secure



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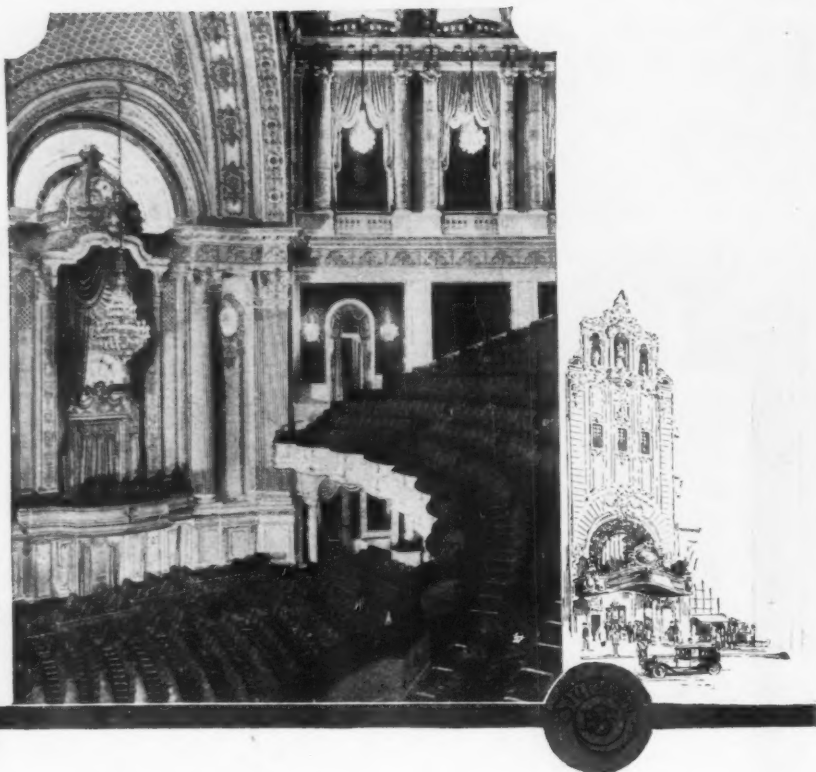
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If not made by Felt & Tarrant it's not a Comptometer
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Air-comfort every minute in Boston's new Memorial Theatre...

THE Radio-Keith-Orpheum Circuit recently took possession of this new Cathedral of recreation in Boston. A beautiful building—dedicated to the memory of a great impresario—and destined to provide popular entertainment twice daily to crowded houses.

When three thousand people gather together in one auditorium the condition of the air is of greater importance than the technique of the actors.

Clean, refreshing atmosphere is expected now-a-days. It is *assured* at the Memorial Theatre! Fourteen huge Sturtevant Ventilating Fans circulate 480 tons of outdoor air every hour. In the winter it is tempered—in the summer it is cooled.

It would be a pleasure to answer questions pertaining to modern ventilating apparatus.

B. F. STURTEVANT CO., Hyde Park, BOSTON, MASS.
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Heating and Ventilating
Contractors: E. G. Woolfolk Co., New York, N. Y.

real estate loans and in that way raise funds to liquidate their frozen assets.

"Anyone with keen business insight can readily see that a banker, finding himself in such a dilemma, would first make the application for a real estate loan to an insurance company whereby he would receive a commission. If it was a good loan, the insurance company would accept it but if it was an undesirable loan, it would be rejected. Then a new application would be made out to the Rural Credits Board and the appraisals stretched to the limit."

A further flaw in state operation of a loaning business is found in the use of funds of the Rural Credits System to bolster up tottering banks. That such a practice was in vogue was openly admitted by Gov. William H. McMaster, now United States Senator, in 1921. In answer to criticism, he said:

"You are told that your state officials, when there was a certain amount of money in the banks, went to Chicago and borrowed still more, when possibly they could have used the money in banks in South Dakota. The charge is true.

"You are told that the Rural Credits Board kept in the banks of South Dakota for 10 or 12 months more than \$2,000,000 when it might have been loaned to the farmers of the state. The charge is true. But why? Because if last January (1921) there had been taken out of the banks of South Dakota this money, more than 100 banks of the state would have gone to ruin."

The System was Much Abused

THE Rural Credits System was "worked" from the start in one way in particular that very likely could be utilized in any state attempting such a system regardless of the quality of the management.

The prospective applicant would purchase a tract of practically worthless land in an isolated section of the state for a dollar or two an acre. He would see that the assessed valuation was boosted, not a difficult task with assessors always looking for pressure in the opposite direction.

As the size of a Rural Credits loan was dependent upon the assessed valuation, this applicant was now in a position to demand a loan. He would get the loan and forget about both the loan and the land, permitting the Rural Credits Department to take it over.

The temptation to employ Rural Credits funds for political purposes was always at hand and they were often so used.

South Dakota, one may be certain, is through with Rural Credits. The principle is almost entirely without friends today, the few that it has being confined chiefly to those who are forced to defend their activities in the past. If any other state should ever contemplate the initiation of a rural credits system, it's my advice that a survey of South Dakota's experience be made first.

WASTED STEPS MEAN WASTED MONEY



Have You Checked the Day's Mileage in Your Organization?

A RECENT survey, made by one of the representative organizations of America, revealed that three hours out of every business day were spent in carrying papers back and forth—from one department to another. Only five hours were spent in productive effort—the work for which employees received eight hours pay. Three wasted hours!

And, on the heels of this survey the company effected a saving of \$100,000 annually by keeping its employees at their desks working, instead of toting papers about the building, stopping to talk about last night's exploits or the day's problems, and through the elimination of those small, yet costly, errors that accompany this interruption of office routine.

It is such savings that Lamson Pneumatic Tube Systems are making in hundreds of business offices, factories, hotels and banks. Through the elimination of waste motion and effort, by whisking papers, documents, shipping orders, cor-

respondence, money, records, tools and even small articles from one department to another in "split seconds", they keep employees at their desks. Work is brought to them in an even flow so that they are kept uniformly busy throughout the day.

Have you checked the day's mileage in your organization? Do you know what the flow of papers is actually costing you? Are there departments in your organization where this flow is stopped—where papers stagnate? Are you paying an eight hour wage and receiving in return only five hours of productive effort?

Let a Lamson expert answer these questions for you by analyzing your plant or office. He will gladly study your problems for the purpose of "stepping up" personnel production through the use of mechanical messengers. That is his job and our contribution to American progress. You will incur no obligation by calling him in. Hundreds of executives have profited by taking this step.



"Wings of Business," a book which describes the function of Lamson Pneumatic Tubes in business will be sent to you upon request.

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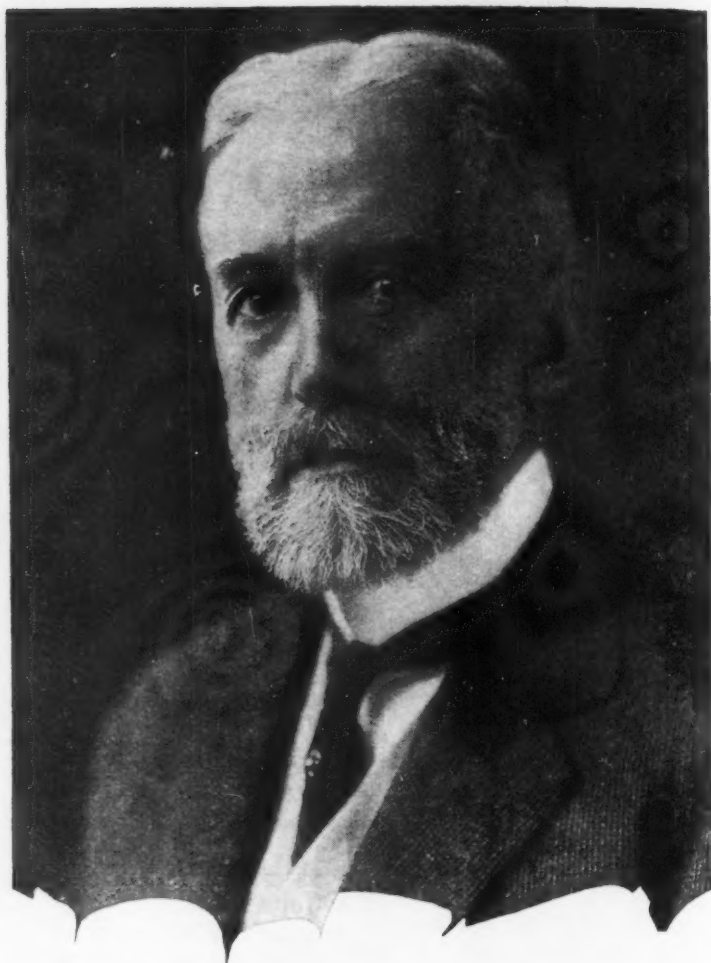
Interchange of Papers, Files and Messages

*"I believe in plenty of light.
It is an aid to cheerfulness and
productivity."*

Cyrus H. Curtis

President

The Curtis Publishing Company



One-third the Nation's Manufacturing is Done Under Artificial Light

EVERY factory has to use artificial illumination some of the time. Many parts of many factories must use artificial illumination all the time. There are winter working hours when the sun does not shine. There are dark days when sunlight is feeble and must be supplemented by electricity. There are dark corners and central areas far from the windows.

The total result is that one-third the nation's goods are made under artificial light. They cost less, in money and men, when they are made under *good* artificial light.

Good lighting saves the worker's time and strength. Instead of wasting energy trying to see, he spends all his energy on productive work. He works no harder than before, but he works faster and more accurately. Some plants have found that good lighting cuts production costs as much as 15 per cent.

As Mr. Curtis says, plenty of light aids cheerful-

ness as well as productivity. Labor turnover is always and inevitably higher in a dark and gloomy plant, or a plant in which glare from wrong lighting causes eyestrain and fatigue. The well lighted plant gets a name as a good place to work.

Less than half of all industrial plants have good artificial lighting. Less than nine per cent have lighting that is all it should be. Every industrial executive should find out exactly where his lighting stands as a promoter or destroyer of cheerfulness and productivity.

We have trained industrial lighting engineers in all parts of the country. One of them will make a survey of your lighting system, and make recommendations without charge. He will also arrange for a trial installation of better lighting in any part of your plant. Write us for his services, and for a free copy of the complete book—*"Plain Facts about Factory Lighting."*

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A representative of the firm visits the campus in April in order to size up the likely youngsters

Is the College Man Worth Hiring?

By DONALD A. LAIRD

Director of the Colgate Psychological Laboratory, Chief of Staff of the Personal Analysis Bureau, Chicago

I HAVE heard of business men who took their vacations early in June to avoid being besieged in their offices by eager college graduates looking for jobs. Many executives, taking the opposite view, have representatives canvass seniors at selected colleges to pick out promising future employees.

Past experience undoubtedly justifies each of these attitudes, but probably the average college man is responsible for neither.

The vice president of a large utility corporation, for instance, a short time ago published records of his company's experience with college men. These records indicated that the college graduates advanced more rapidly with this company than non-college men given the same chances.

The serious flaw is that the attractive figures were not dealing with typical college men, but with a highly restricted group.

It is this company's policy to write to the deans or replacement officers of a selected group of colleges early in the year and request a list of the better grade seniors. In April a representative of the firm spends a day or two on the campus sizing up the more likely fellows, rejecting some as impossible and listing those who impress him favorably.

Later another representative of the company interviews those the preceding representatives selected as most likely.

Thus the company chooses the cream of

a group indicated by the college officers as most select. If this selection method were followed with applicants in their employment offices I daresay they could obtain almost as good results.

Although the published records probably increase college attendance and make the graduate expect more salary than he will receive, the figures really show the desirability of a careful selection process rather than the superiority of college graduates.

I have a standing order from the gen-

eral manager of a concern that ranks second in size in its field for a graduate who has majored with me. But I am to tell him early in March if I will be able to supply the man. If I cannot, they want time to pick their man elsewhere before only culls are left. This company's experience with college men has also been favorable, principally because it has been careful in selecting them, and not because any mysterious or exceptional ability is put into fellows while they are in college.

But how about the boys who are not placed in business through this selection process and who must use their shoe leather until late Fall or call upon alumni of their fraternities to get them jobs?

Pick Your Man!

THESE fellows did not impress the university officers sufficiently to be mentioned to the business representatives. Perhaps the authorities discriminated against some of them because of escapades—they may have coaxed a stray dog to chapel or suggested that students should have some voice with the faculty in setting up regulations.

More usually, however, they are fellows about whom the authorities have been worrying off and on for four years and wondering if they had the mettle



I'm pretty sure employers are partly to blame for some collegians' conceit

← LITTLE DRAMAS IN THE LIFE OF A GREAT NEWSPAPER SYSTEM →

Have Traffic Fatalities *ceased to be* NEWS?



TRUCK KILLS BOY

Homer J. Smith, age 5, of 2618 Prospect Ave., was run down and instantly killed by a truck at the corner of Butternut and Mulberry today. The driver was arrested.

Painted for Scripps-Howard Newspapers
by Floyd Munson

"HURRY," said mother, giving Homer a quarter to get an extra head of lettuce . . . "Hurry," said the foreman to the truck driver with a load of express . . . And now one of them will never hurry again. And the other will lose his job, his license, and his peace of mind forever.

Automobile accidents have become so common that some editors consider even a fatality worth no more space than the short news item above. But loss of life on the highways is not presented by the SCRIPPS-HOWARD Newspapers with such slighting brevity. It is presented as vital news, as a warning, and to focus public atten-

tion again on one of the major menaces of the day . . . traffic.

For the SCRIPPS-HOWARD Newspapers have been fighting traffic dangers, and trying to help solve the traffic problem, for many years. They have conducted campaigns in their respective cities, for traffic lights, safety zones, extra policemen, and

crossing signals. Frequent editorials help to impress both drivers and walkers with their responsibilities. Schools, clubs, and associations have been enlisted to help reduce the appalling number of traffic fatalities.

Traffic is a killer. It is the ogre of our age. It imperils the life and safety of every citizen. And the SCRIPPS-HOWARD Newspapers regard traffic accidents as ranking among the most important news features of our times . . . to be given an emphasis that stops the unthinking, that warns the irresponsible, and that continually threatens the criminally careless driver with active and widespread publicity.



NEW YORK *Telegram* SAN FRANCISCO . . . *News* INDIANAPOLIS . . . *Times* AKRON . . . *Times-Press* YOUNGSTOWN *Telegram* KNOXVILLE *News-Sentinel*
CLEVELAND . . . *Press* WASHINGTON . . . *News* DENVER *Rocky Mt. News* BIRMINGHAM . . . *Post* FORT WORTH . . . *Press* EL PASO *Post*
BALTIMORE . . . *Post* CINCINNATI *Post* TOLEDO . . . *News-Be* MEMPHIS *Press-Scimitar* OKLAHOMA CITY *News* SAN DIEGO *San*
PITTSBURGH . . . *Press* COVINGTON, *Kentucky Post* COLUMBUS . . . *Citizen* HOUSTON . . . *Press* EVANSVILLE *Press* TERRE HAUTE . . . *Post*
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NEWSPAPERS

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He gets a job and writes home that he quit school to take it

that would indicate whirlwind careers. Frankly, college officers are worried about the possibilities of many of their students. That is probably one reason colleges are steadily becoming more careful in selecting students and why they are working them harder during the four years.

Obviously the business man who relaxes his judgment and employs a college graduate merely because he is a college graduate and not because he has been carefully interviewed and sized up is taking chances of getting a man who will make him lose all faith in college men. There is a great difference in quality and type of colleges and a vaster difference between the seniors from the same college.

Theodore L. Smith, of the Gillette Safety Razor Company, tells how he interviewed 200 college seniors to obtain 22 student executives for his company. His percentage of acceptance was higher than that of many companies.

So the moral thus far is that the college graduates must be selected just as any employees are selected and also that the earlier they are picked the better the chances of getting a plum rather than a lemon.

No Miracles in College

GENERALLY those business men who have had unfavorable experiences hiring college men are those who have overvalued college education and thought that some high-powered serum of infallibility was injected by the professors.

Going to college probably produces no miraculous improvements in students. Yet, by and large, college graduates are a better-than-average performing group. College entrance is itself a selective factor and practically every college graduate is more intelligent than the country's average man.

Of course thousands of young men of more than average intelligence are not in colleges. But a quick way to find a great number of such men is to go to the college where 50 may be interviewed in two days. It is speedier than waiting for them to show up in the employment line.

Boys must have better than average

intelligence to finish high school and be eligible for college. Many of those who start to college fall by the wayside and fail to graduate. It is illogical to expect as much from those without adequate intelligence or perseverance to go through college as from the men who did manage to graduate. Yet I know of several plants where college men are *non grata* because of past experience with flunkers.

A senior vice president of the holding company for these plants has a great loyalty for his alma mater. Every student who flunks out before graduation knows he can get a job through H. B. and write the folks he quit school to go to work. Thus the company does not even get low type graduates but bases its opinions of college men on flunkers.

Since completing college is a good practical certification of intelligence, it is rather obvious that, if college men are to be of value to the firm they should be placed at work where intelligence can be of some utility. Their best work is not sorting mail—although that is an excellent way for them to spend the first week and become acquainted with the organization and personnel of the firm.

Intelligence shortens the time it takes college men to learn the in's and out's of the business so, if rightly picked and adequately trained, they should progress more rapidly than the random best men picked up in the employment office or on the street.

Competition has brought ideas back in fashion in business. Intelligence and ideas

honorary degree. As a matter of fact the chief idea of college seniors their last few months in school is to get jobs. This worry is a good thing—it takes an astonishing lot of sophomore smugness out of the overconfident few.

Such conceit as remains to graduates when they do find work is, I am convinced, largely the fault of employers who overvalue the graduates and look upon them as oracles.

Executive Duties Too Quick

THE president of a concern with plants in the East, South, West, England and Australia three years ago hired one of my laboratory graduates. This was the first college graduate he had engaged for a non-technical position; the idea was to develop him into a general executive capacity closely linked to the president's office. Incidentally the boy is very close there already.

Sensible as this young president is, he thought he had hired an oracle rather than a highly intelligent, likable, conscientious, sensible fellow with a fund of general information.

The third week of the student's employment the president telephoned him one evening to come to his home immediately. The boy found the president and the superintendent of the Australian plant on the veranda of the president's home which overlooked the company's original plant across a valley.

The two men were engaged in a serious discussion of a new flood lighting system at the plant which was clearly visible three-quarters of a mile away.

The president thought it was good advertising. The Australian maintained that it was not right—the colors were wrong and an electric sign would have been better anyway. The graduate was asked to decide.

Diplomacy was needed. A frank admission of ignorance on the boy's part with the suggestion that he would try to find something authoritative about it somewhere saved the evening.

From other similar incidents it was plain that the president had expected an oracle. Instead he found a fellow who would try to hunt up the answer. Even that is useful in business and about all that should be expected of recent graduates, unless they are from technical schools.

The general situation must be viewed as it is today. There were only 45,000 young men in colleges in 1890. Today there are half a million, almost as many going to college in one year as there were in the United States in 1914 who had ever been to college, even for one month at some time or other.

A surplus of college graduates may be

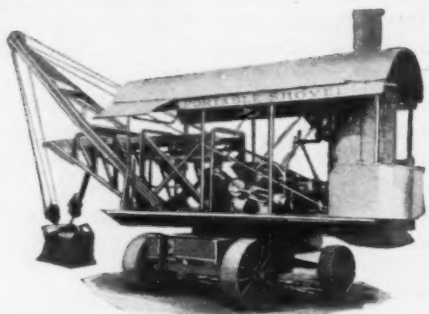


Perhaps they discriminated against him for coaxing a dog into chapel

go hand in hand. Machines are not displacing any of those who work with their brains.

The properly selected graduates from the right colleges will not be displaced by machines—that is unless they are placed at work below what they should do.

College graduates have no corner on ideas. Many of the best idea generators never went to college except to receive an



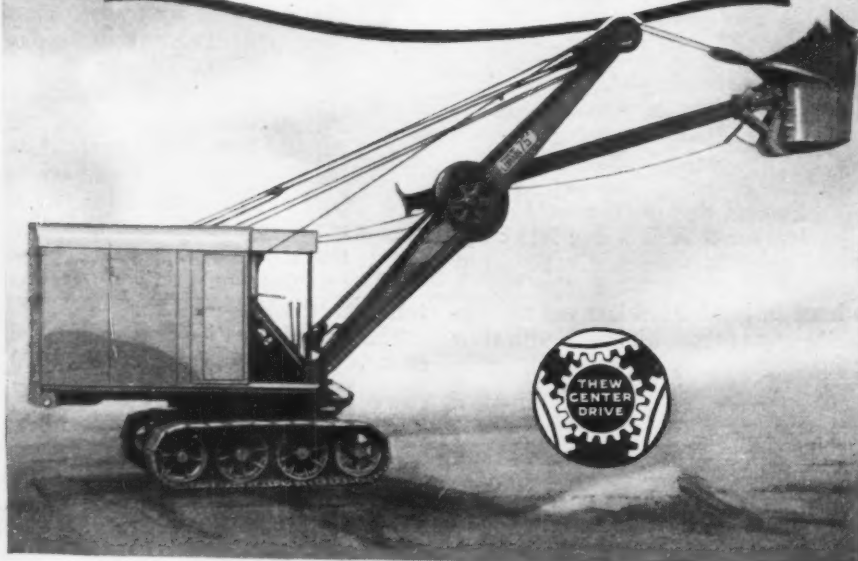
THE first Thew, built in 1895, was a radical departure from any power shovel or crane ever built before. It was the first full revolving shovel—the first machine that could dig or load in any direction.

Thew policy, founded on this achievement, has not relinquished leadership down through the years. The Thew Center Drive turntable that gives direct drive from the engine to all motions, the greater working ranges due to the improved construction of the boom and dipperstick, the smooth, easy operation on any job, make the modern Thew just as outstanding today as the first Thew was in 1895.

To investigate the latest Thew Lorain Machines before investing in a power shovel or crane is, therefore, simply good judgment.

THE THEW SHOVEL COMPANY
Lorain, Ohio

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developing rapidly, although vast numbers of graduates are headed for law, medicine, dentistry or some similar profession rather than industry. Considering this and the increase in the general population together with the emphasis on productive ideas which the present buyers' market has developed, I have the impression that in reality there is a shortage of college men.

From average college graduates the employer can reasonably expect heads better than those of the average man on the street; habits of learning and thinking a bit above those men; more social grace, higher ambition and a wider background of fact and impression.

From exceptional graduates much more can be expected—from a small percentage, less. Not more than this should be expected except in unusual cases and the graduates should not be given work that will not come up to their picture or that shoots much over it.

Stock Goes by Motor

IT is becoming increasingly apparent that along with the established concern of many interests to know the quantity of live stock coming into the market, a lively curiosity is developing in the means by which the stock is transported.

The information that in 1928 seventeen major markets received an aggregate of 12,193,000 cattle, calves, hogs, and sheep in motor-truck shipments is illuminating in itself. But when it is understood that stock is regularly trucked 200 miles, and, on some occasions, as much as 300 miles, the movement raises question of more than local significance.

Did this long-haul traffic wholly originate with the availability of hard-surfaced highways? In what degree, if any, has it been diverted from the railroads? What revenue does it represent when measured by rail rates?

That the truck makers are alive to the situation is made clear in a statement by P. W. Seiler, president of General Motors Truck Company. He says:

Every business day, on the average, saw a "million-dollar truck load" of live stock going to market last year. The money value of this stock hauled by truck in 1928 totaled more than 350 million dollars, a total tonnage of some 3 billion 400 million pounds, or about one million truck loads. As high as 873 truck loads were received at a single market in one day, and at one market 52 per cent of the total receipts arrived by truck. Many stock yards have spent hundreds of thousands of dollars to provide suitable facilities to handle truck shipments.

Bus competition bobs up readily enough as an explanation of the decline of the railroads' passenger traffic. Mr. Seiler's statement invites a similar consideration of the motor truck.

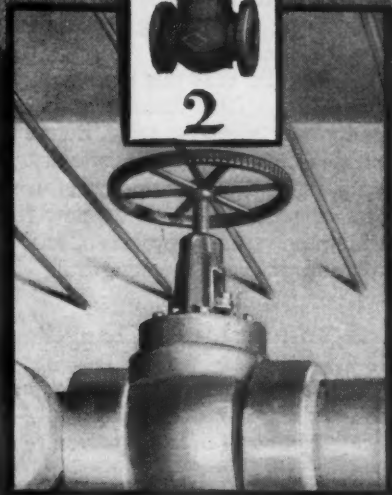
Jenkins VALVES ARE ALWAYS MARKED WITH THE "DIAMOND"

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3

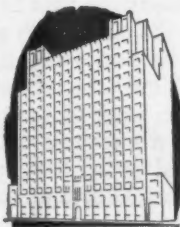


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1. **36 years on the job!** A Jenkins Bronze Globe Valve has served since 1893 in boiler feed lines at the Victoria Water Works, Victoria, Texas. During this period the valve has been opened and closed two or three times daily.
2. **In the heating of 89 buildings!** Jenkins Iron Body Stop and Check Valves keep steam pressures equalized in the University of Wisconsin central heating plant—a plant that heats 89 buildings, with a total of 404,406 square feet of connected radiation.
3. **2400 times a day!** A Jenkins Rapid Action Valve is operated 2400 times a working day in the plant of the Maytag Co., Newton, Iowa. The valve serves in water lines to testing apparatus.

Facts like these show the strength of a Jenkins Valve. And facts, not claims, are the basis of today's valve selection.

Facts like these—first hand evidence of the way a Jenkins serves—are numerous. The three instances above are three of many. Using facts as a foundation for a forecast, it is safe to predict long trouble-free valve service in buildings where Jenkins Valves are used. Typical of such buildings is the new Hahnemann Hos-



pital, in Philadelphia, where the valves are Jenkins from roof to basement—in plumbing lines, in heating lines, in fire lines, in the boiler room.

Whether you use valves in your plant or in the product you make, let the representative of Jenkins Engineering Advisory Service cooperate with you. Feel free to call on these engineers for assistance in valve applications.

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Mt. Rainier's great snowy dome, near three miles in height; or Mt. Baker, both reached by paved highways, through towering forests; glaciers, ice caves, snow fields—and, a step away, Alpine valleys strewn with myriad flowers.

Ideal vacation land. A short delightful drive from metropolitan comforts to Nature—rugged, sublime, inspiring. See it all this year.

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Come west over a northern transcontinental line. See Seattle, Spokane, Tacoma, Portland, then south by rail or water to Oakland, San Francisco, Los Angeles and San Diego. Or, come north to Seattle by train or steamship. Ask about trips to Alaska, Hawaii and the Orient.

Low round trip excursion fares daily, May 15 to September 30; return limit October 31.

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I Believe in My Work

(Continued from page 33)

is peculiarly in the keeping of a small group of men. There are, I believe, only 1,535 full-time commercial organization secretaries in the United States today. Counting men who give only part of their time to the work, the total is about 4,000. That seems small, considering the vast field their activities cover.

But consider that this profession is so new that only 150 of these men have been in the work ten years or more. Before that we had little more than the germ of a profession, represented by the few of us who were experimenting in the new field, learning the ropes by process of trial and error, and generally breaking trail.

"Instruments of Change"

AS I see it, the 4,000 of us are simply so many symptoms, if you like—or perhaps symbols—of a commercial renaissance, which is already bringing forth good fruit. We are the instruments of that change; and those of us who realize this would not exchange our lots for any ordinary mess of pottage.

In saying this I have no thought of glorifying the men in the work, but rather the work itself. Still, as men, they must measure up to the job, and they have a right to whatever pride they may take in doing that.

A competent secretary must be a man of character, who respects himself and commands the respect of others; he must have an abiding faith in, and allegiance to, that concept of service which underlies the chamber of commerce and is its reason for being. He must sincerely have and practice the belief that he himself is not the organization, that he is merely an instrument the chamber is using so that it may do its own work of service. He must make himself a good tool, shaped and suited to the need of the chamber; he must not be a mere salaried subordinate or a well-paid errand boy, but rather the peer of the men he is to work with, speaking their language, thinking their thoughts, sympathizing with their purposes, and capable of contributing ideas and initiating policies for the directors to consider and, if they see fit, act upon.

Primarily he is a man who deals with human variables. In his executive capacity he functions as a kind of nerve and brain center, a clearing house, between the larger self of the community and the individual selves and interests that are its component parts. It is to that larger self of the community that he yields his first loyalty and obedience because he finds pleasure in so doing. Thus, though he may not grow rich, he does not work for a low wage. He is simply looking for payment in a finer kind of coin. Of course in prac-

tice we all fall short, and deviate from this ideal; but such, nevertheless, is the philosophy of this work and the joy of it.

Since the secretary has to deal with human variables, his life is never a dull one. He follows literally Nietzsche's injunction to live dangerously. Every situation is new and every new problem has to be finger-printed and mugged for his rogue's gallery of secretarial bugbears.

As he goes he trusts his judgment so far as it will carry him, after which he foretells the weather by sniffing the air, trusts his instincts and his hunches and his knowledge of human nature, steers by dead reckoning whenever his chronometer takes to running backward, and takes people imperturbably for granted when they insist on thinking backward. If he has faith as a grain of mustard seed, it carries him through. If he hasn't, he is in the wrong job, and the sooner he becomes a good chamber of commerce member instead of a poor chamber of commerce secretary, the better.

Of course, no two individual jobs in this field are alike. The individual job depends on the spirit and character of the individual chamber. Even that changes. Boards of directors shift their personnel. A new administration may have different views from the old. A new board may lack administrative experience or the attitude of some of its members toward the secretary may be hostile.

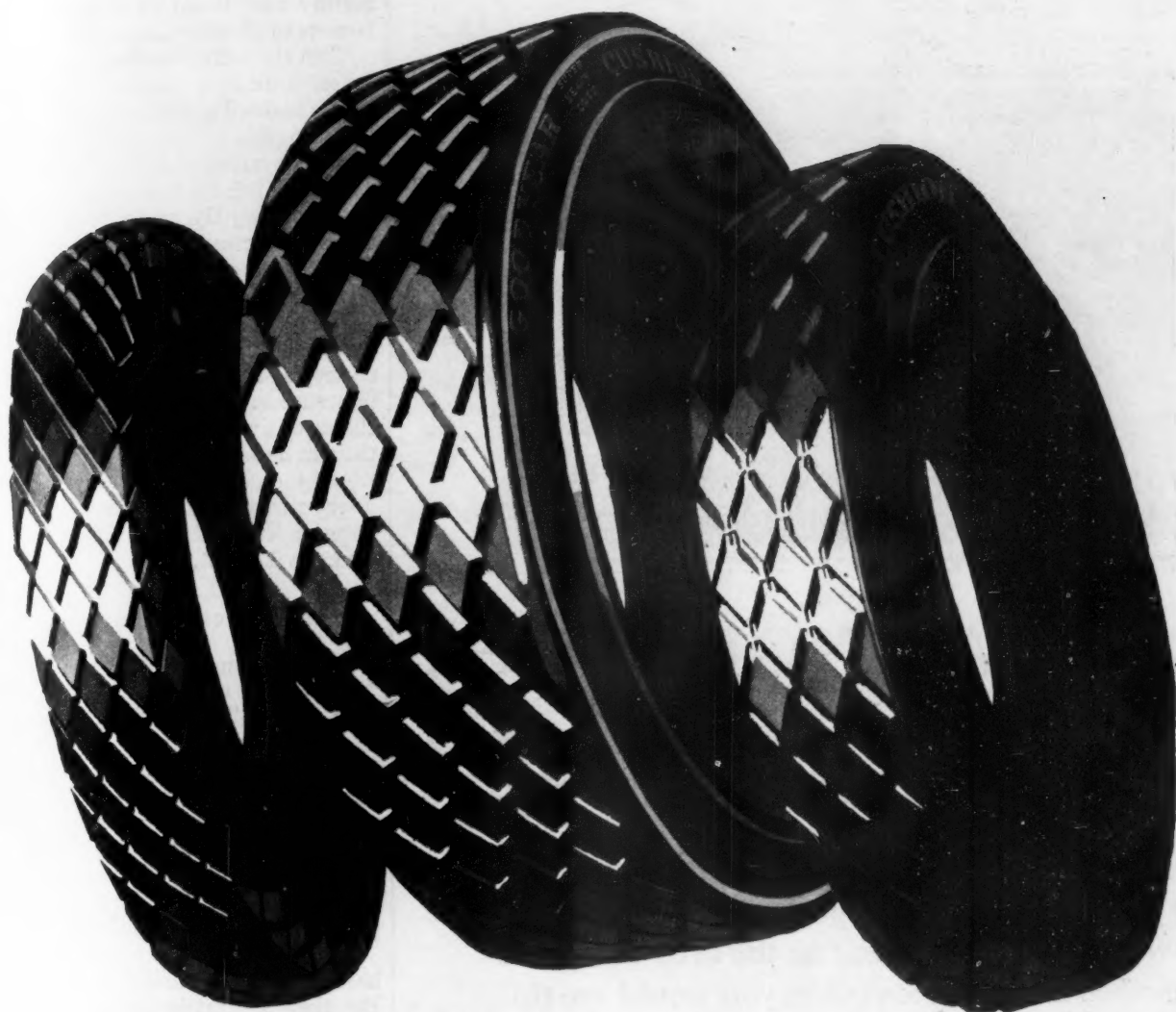
A Job Full of Difficulties

THE policies of a new board may be such that the secretary cannot agree with them. Yet if he opposes these policies he may jeopardize his position, and may have to maintain his self-respect at the cost of losing his job. Again, there are possible fluctuations of salary, due to changes of policy in changing boards, waves of economy, and the like—and many a secretary has felt the pinch of that.

Often the path of least resistance is for the secretary to permit the officers and the board and the committees to put off on him all sorts of duties they should perform themselves. If he yields, his capacity to serve as secretary is lessened. He must therefore delegate duties to others; and that task of delegating and directing is in itself sufficient to make him a busy man.

I have already cited an instance of how a secretary was able to be of marked service to his organization. Here on the other hand, is a case where he met with the sort of defeat which is also part of the work.

A creamery established itself in a certain town. It expanded to a point where it was able to take care of all the milk produced by local farmers; and, that it might continue to grow and expand in a



HOW MUCH SAVING will these improvements mean to your trucks?

Out of a careful study of speed and load in relation to truck tires—Goodyear has introduced new accuracy into tire building and buying.

Each tire, today, is better specialized for its particular task. The new Goodyears—pneumatics, cushions, super-cushions, solids—have new toughness where toughness

is needed; greater resilience where cushioning is the demand; greater resistance to heat for distance driving; greater traction which pulls through where others sink and spin.

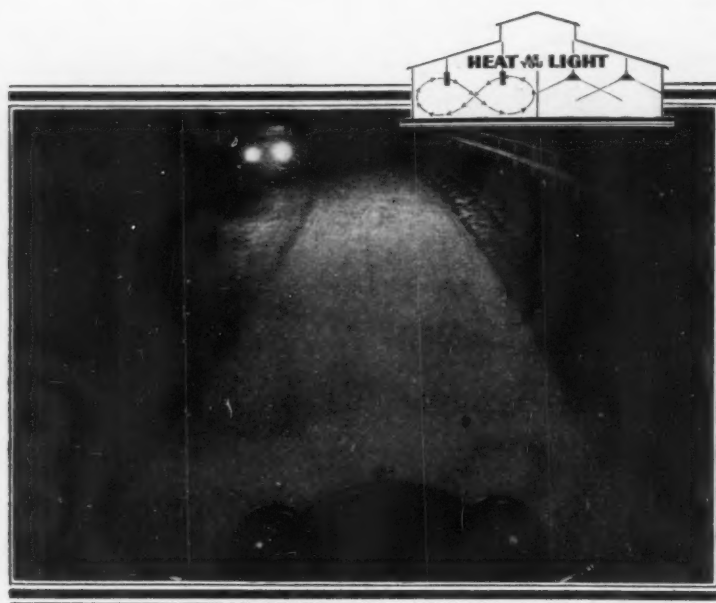
Are there savings here for you? Goodyear Truck Tire Service Station Dealers, by accurate recommendations, will expertly help you decide.

The Greatest Name in Rubber

GOODYEAR

Copyright 1929, by The Goodyear Tire & Rubber Co., Inc.

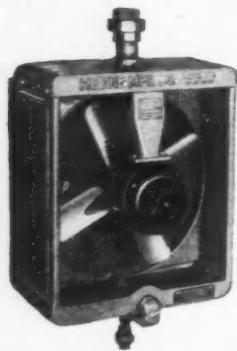
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HEAT AS YOU LIGHT

MODINE Unit Heaters do with heat exactly the same thing that your automobile headlights do with light.

As you sit behind the wheel tonight note how a great flood of light is projected out and down over a large area — but in the area *where it's needed*. If heat were visible, you would see this same effect with a Modine Unit — heat delivered down where it's needed, kept down and widely distributed.



Modine Unit Heater, Model No. 701-130 lbs. — replaces approximately two and one-half tons of cast iron radiation.

Such is the remarkably efficient industrial heating offered by Modine. Modine Units suspend from the steamline — 10 to 14 ft. from floor — up out of the way. Offer the feature of both horizontal and vertical directional control of heated air. Modine Unit Heaters mean a saving on first cost and operating cost. Let us send you complete facts now.

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FOR STEAM, VAPOR, VACUUM, HOT WATER HEATING SYSTEMS



When writing to MODINE MANUFACTURING Co. please mention Nation's Business

healthy way, it did all it could to urge farmers to produce more milk.

Then the industrial development committee of the local chamber did a strangely shortsighted and selfish thing. It negotiated with another creamery man to come to town and start another creamery. The committee did this secretly, and without informing the owner of the already established creamery, though he was a member and entitled to the support and loyalty of the chamber.

The reason for this action was as old as human nature. Certain men on the committee had building lots to sell; others had insurance to sell; some were retail merchants who wanted more customers; each thought he had something to gain personally if the new creamery came to town. Every variety of selfish, shortsighted interest entered into that move, and the secretary knew it.

Committees and Front Pages

OTHER considerations entered in besides. The men on the committee were opportunists. They liked the notion of doing the spectacular thing.

A new industry, brought to town by them, would give them a chance to point with pride; there would be headlines in the newspapers; whereas, if they confined themselves to a sound expansion of local industries as a foundation for later growth, there would be no headlines.

I am sorry I can't say the secretary headed them off. He did what he could. But they brought in the new creamery, and soon had two languishing creameries instead of one good one. Then by offering bonuses, they brought in one superfluous industry after another, only to lose interest in them as soon as they had them off the hook and in the basket. But I haven't seen any evidence of that secretary letting go. He still plugs right along, because there are other respects in which his work is a conspicuous success.

My own experience as a secretary has been in many ways a singularly happy and fortunate one. I started my professional life as a lawyer, and was junior partner of a law firm. That was in 1897, when the chamber of commerce idea was just taking shape. Chambers in that day were mostly organizations that indulged in academic discussions and passed resolutions with no teeth in them.

Then came the Merchants' Association of New York. It was founded on the principle that it should be possible for business men to organize and get things done that would be of service to the economic and social life of the community—better business practices being among these. That idea changed the whole philosophy and machinery of chamber of commerce work.

The men who were back of the idea for a Merchants' Association came to our firm for legal advice about incorporating. Our senior partner suggested that I could be



Every invoice... pictures your organization

ADAPTATIONS

Powers equipment is in general use wherever such work as this is done:

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A hundred . . . a thousand or more invoices go out correct and then . . .

Inaccurate invoicing is expensive to the buyer and you can't blame an executive for wanting to buy from the firm that is the cheapest to do business with. Lost or disputed accounts, duplication and detailed checking of invoices from vendors that make too many billing mistakes are all annoying and add to the purchaser's cost of accounting.

The Powers Method offers a mechani-

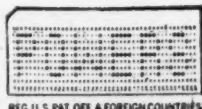
cal audit of the invoices sent out. You do not depend on a checker who may very easily pass over a pricing error or fail to find a mistake in extension. With Powers verification you know that every invoice is correct. You have saved money in the actual invoicing operation and established a respect for your organization with your customers.

Let us acquaint you with the Powers Invoicing story . . . it only starts with the invoicing. A local Powers representative will gladly call.

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No. 5 of a series of Advertisements of American Water Works and Electric Company, Incorporated



Towns Grow . . .

WHEN the water mains go in, permanent and indestructible, an enduring basis is laid for lasting community expansion . . .

In 1928 the water works properties of American Water Works and Electric Company in scores of towns all over the country laid down two hundred and fifty miles of water pipes for the supply of constantly growing communities.

By furnishing capital for this steady expansion the securities of the American Water Works and Electric Company share in the permanent growth of our country.

An Industry That Never Shuts Down

AMERICAN WATER WORKS AND ELECTRIC COMPANY
INCORPORATED

50 Broad Street, New York

[Information about this Company, or
any of its subsidiaries, will be furnished
on request. Write for Booklet K-7.]

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of assistance in starting the new organization, and in setting its wheels in motion. So I was loaned for six months.

As the work opened up I was conscious of being in touch with something singularly vital and significant—something destined to grow. The further I went with the new work, the more fascinated I became. When the allotted six months were up I was in no mood to let go. I stayed. Thus I have seen this whole vast system of commercial organizations grow from that small beginning.

That the growth will continue at an enormously accelerated rate I do not doubt; and so great is my faith in this way of correcting many of the fundamental ills of human society that I believe our commercial organizations will profoundly change certain aspects of our civilization within the time of many of us. To be associated intimately with such an agency of growth and practical idealism is reward enough for any man.

Here's a New Idea in Distribution

A NEW idea in the distribution of goods by wholesalers, manufacturers and importers is shortly to be inaugurated in Chicago with the completion of the Merchandise Mart.

This Mart will be the world's largest business building and will provide a common meeting ground for retail buyers and wholesalers. The buyer will come to a great central market—a year-round international exposition of merchandise—instead of the market being taken to the buyer, thus effecting economies in time and money for buyer and wholesaler.

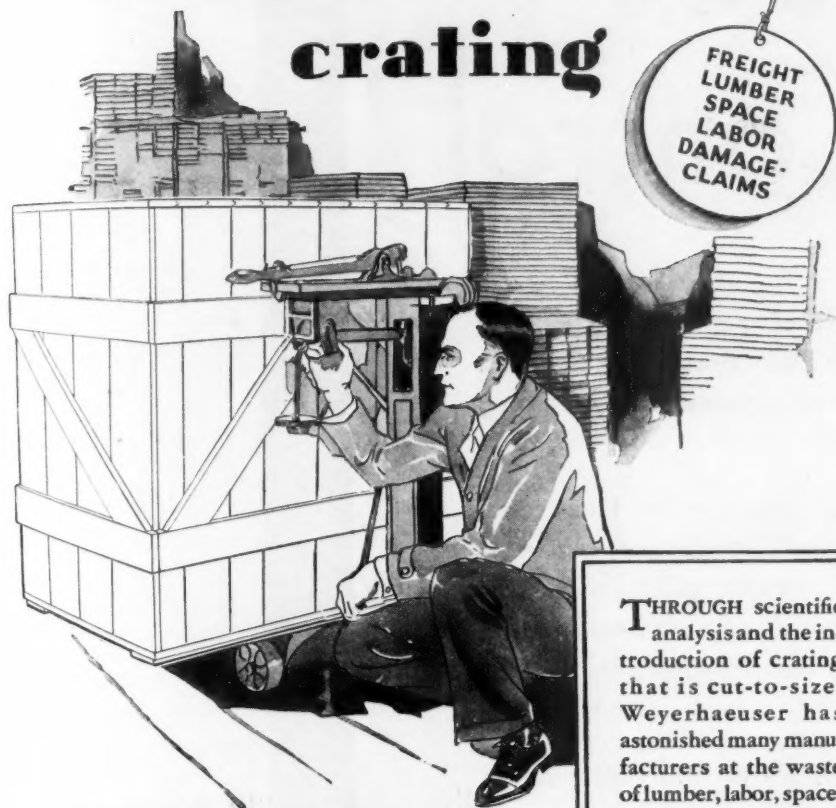
Manufacturers and buyers in this way will escape many of the handicaps of the old system of marketing through annual and semi-annual trade shows, it is believed. Manufacturers will avoid the recurrent expense of taking costly displays to wherever these shows may be held. Buyers will find their buying trips dictated by their own convenience rather than by arbitrary show dates.

Another anticipated advantage will be the economy to the manufacturer in selling in his own place of business rather than by calling on the buyer—an economy that likely will be reflected in lower prices. Too, the collection in one great market of an immense variety of merchandise will save the retailer both time and money, by enabling him to do buying in a few hours that would ordinarily require days to complete.

Every convenience will be provided for the buyer in the Mart except a place to sleep.

Restaurants, barber shop, drug store, branch post office, a bank, and telegraph offices will economize his time. These services will be housed on the first floor.

Laboratory method discloses waste in crating



THROUGH scientific analysis and the introduction of crating that is cut-to-size, Weyerhaeuser has astonished many manufacturers at the waste of lumber, labor, space, freight—and damage claims—arising from haphazard crating operations.

ALL over this country are manufacturers who look upon their crating methods as models of efficiency—while these same methods are wasting thousands of dollars a year. Waste in lumber, waste in excess freight charges, waste in space, waste in manpower, in equipment inventory, in damaged shipment claims.

The greatest lumber producing organization in the world has developed a Laboratory Method of Crating Analysis and Design which is ferreting out these leaks for many manufacturers—and stopping them by the use of scientifically designed crates, made of light weight Crating Lumber, cut-to-size and bundled ready for immediate assembly, or nailed into sections as the need may be.

If your own products are *standardized* it will pay you to have your crates analyzed by the Weyerhaeuser Laboratory Method. The service costs you nothing and does not obligate you in any way.

WEYERHAEUSER FOREST PRODUCTS

FABRICATED WOOD PARTS

Weyerhaeuser Forest Products has now entered upon still another phase in the program of broadening its service to industry. By contract fabrication at the mills of Wood Parts for later assembly into finished products it makes available the savings effected through large scale specialist manufacture. Your inquiry is invited.

THE WEYERHAEUSER LABORATORY METHOD

What It Is

1st A qualified Weyerhaeuser representative calls, sizes up any opportunities there may be for saving you money and makes the necessary arrangements for a scientific laboratory study of your packing needs.

2nd A sample of your product is shipped to the Weyerhaeuser Laboratory in Cloquet, Minn., in your present crate.

3rd Weyerhaeuser Crating Engineers study your crate from the standpoint of any improvements that can be made—in efficiency, appearance, amount of lumber consumed, freight saving through the use of lighter weight woods, less labor cost, greater ease or speed of assembly in the packing room.

4th A new crate is designed, built and tested in the laboratory.

5th The most economical and efficient kind, thickness and width of lumber is determined.

6th The most efficient order of assembly of the various members and sections is determined, also the correct method of nailing, the correct size of nails, and the best method of packing the merchandise into the crate for safe delivery to destination.

7th Your sample product is shipped back to you in the new crate—an *actual shipping test*. (Additional shipping tests are arranged for if necessary.)

8th Weyerhaeuser submits to you a detailed proposition for the furnishing of your crates, cut-to-size, and carried to *any desired stage of fabrication* that seems most practical and economical from your standpoint.

What It Does

The Weyerhaeuser Laboratory Method of crate design stops the wastes in crating:

1st It saves in freight bills both by scientific design, eliminating excess members, and by the application of *strong light weight woods*.

2nd By furnishing your crates, made up in sections, or cut-to-size, neatly bundled and ready for assembly, it frees factory floor space for profitable manufacturing operations.

3rd It reduces to a minimum or eliminates investment in crating equipment.

4th It lowers overhead costs by cutting "no profit" shipping room operations to a minimum.

5th It reduces "bad condition" claims—by proper crate design as well as by assurance that only good lumber is used.

6th It lowers your freight bills on lumber. You pay no freight on waste.

BACK of the Weyerhaeuser Laboratory Method—making it of sound practical use to industry—are all the Weyerhaeuser knowledge of lumber, expert crating experience and all the Weyerhaeuser resources in fine light weight woods and manufacturing and fabricating facilities. Even if non-standardization of your product—and consequently of your crating requirements—makes the use of Cut-to-Size Crates impractical, you will find that the use of Weyerhaeuser Light Weight Crating Lumber brings decided economies. We shall be glad to study your requirements by the Laboratory Method and make recommendations.



Crating Division

WEYERHAEUSER SALES COMPANY

208 South La Salle Street
Chicago, Illinois



100% Control

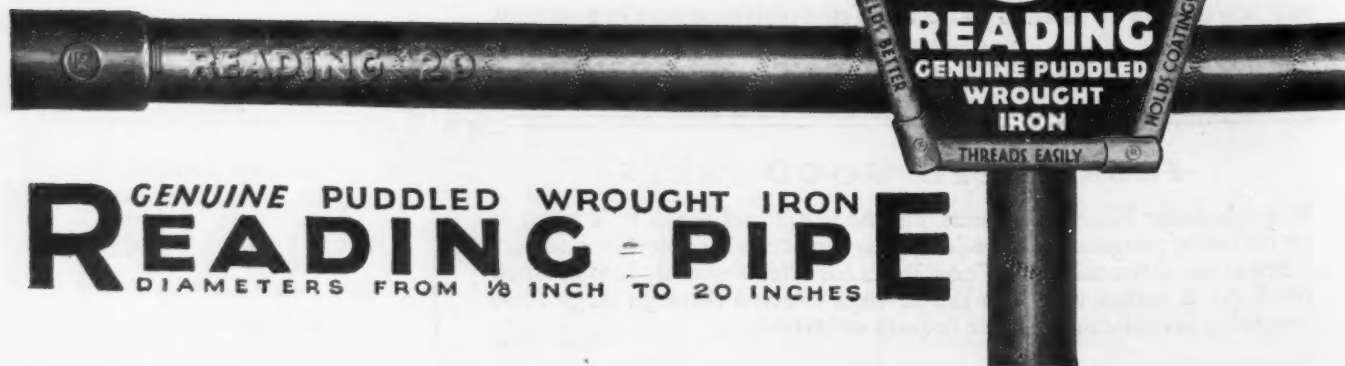
Every step in the production of Reading 5-Point Pipe — from ore to finished product — is under the direct control of the Reading Iron Company. This is your guarantee of uniform, unvarying quality in Reading Pipe.

And every step of the puddling process — the time-tested method of making Genuine Puddled Wrought Iron — is faithfully followed in the Reading Iron puddle mills. This assures you that Reading 5-Point Pipe — made of Genuine Puddled Wrought Iron — is the same pipe that has served the Nation so long and so dependably.

The results of this 100% control are proved resistance to corrosion — proved immunity to strain and vibration — proved ability to thread better, weld more soundly and to hold coatings permanently. For such "5-Point" protection from pipe troubles, insist on Reading Genuine Puddled Wrought Iron Pipe, identified by the Reading name, date of manufacture and cut-in spiral knurl mark.

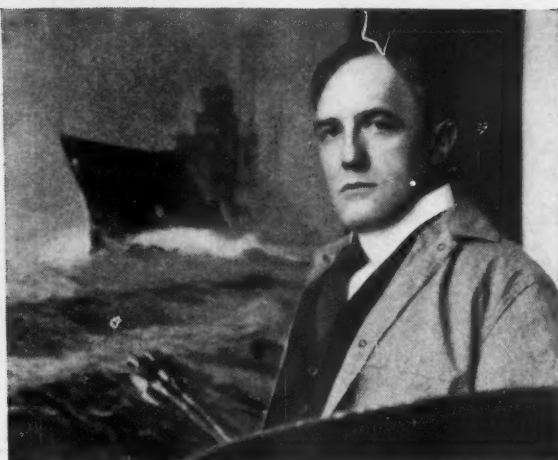
READING IRON COMPANY, Reading, Pennsylvania

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GENUINE PUDDLED WROUGHT IRON
READING PIPE
DIAMETERS FROM 1/8 INCH TO 20 INCHES

Walter L. Greene
working in his
industrial studio



Painting the Romance of Industry

An artist who finds inspiration in utilitarian things

EVERYBODY realizes the promise industry holds out to executives, engineers, salesmen and other artisans in the more prosaic crafts but Walter L. Greene, fresh from the Paris salons, was one of the first to realize that it also offered a future to the artists.

As a result of this vision and his ability to catch on canvas the rugged beauty of power stations, electric locomotives and transmission towers, this year's award of the Charles A. Coffin Foundation has gone to Mr. Greene.

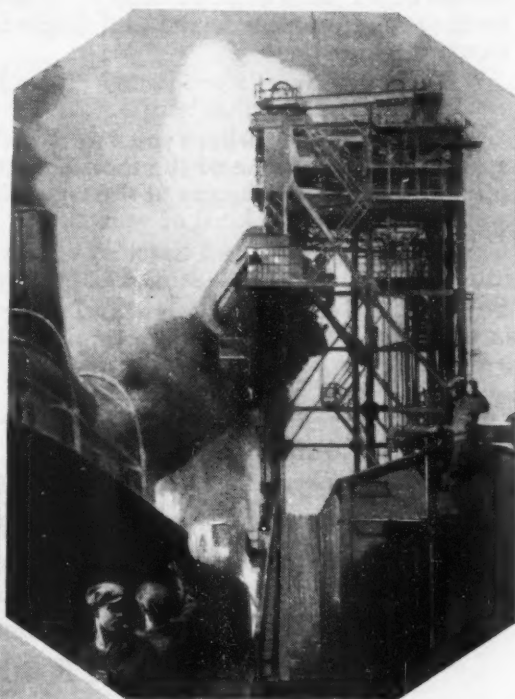
These awards are bestowed annually to General Electric Company employees who contribute toward efficiency or progress in the electrical art. Mr. Greene has been staff artist for the company several years and his studio is in the company plant.

He was born in New Jersey but finished his education in Boston where he studied in the Massachusetts Normal Art School and various evening life classes and exhibited at the Boston Art Club. Later his paintings were shown at the old Society of American Artists National Academy of Design and the Pennsylvania Academy of Fine Arts.

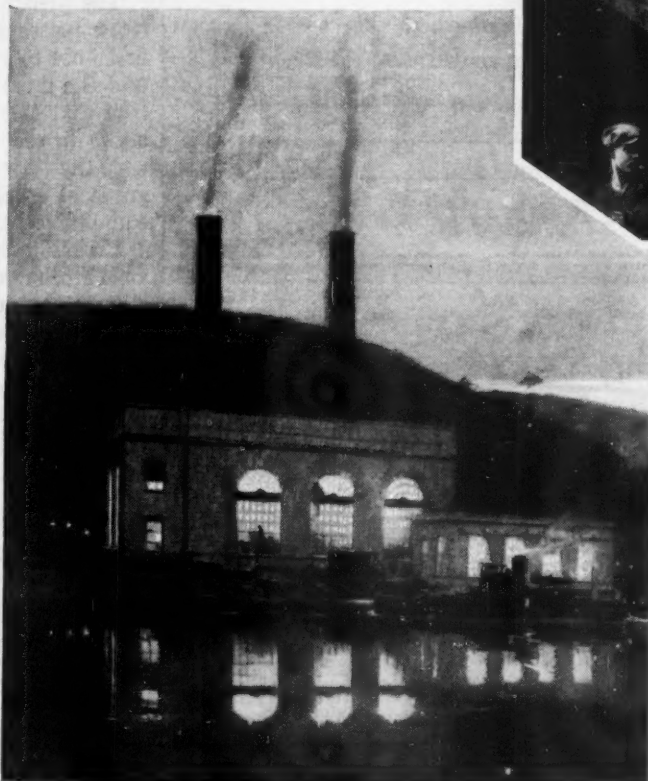
After several years he went abroad and remained

two years at Paris, studying and exhibiting landscape work at the Paris Salon.

On his return home he became fascinated with the possibilities of industrial art. His pictures first appeared as covers to commercial bulletins and pamphlets. Then he did 12 subjects for the General Electric Company calendar of 1925 with such enthusiasm and success that



Scenes such as power stations and liners taking coal become picturesque under Walter Greene's brush



each company calendar since has consisted almost entirely of his work.

One of his earliest pictures, the battleship *New Mexico*, hangs in the office of the Secretary of the Navy in Washington. He has also produced realistic pictures of steam locomotives for the New York Central Railroad.

He has succeeded quite completely in confounding those purists who maintain that man's creations despoil the scenery.



With a telegraphic ear to the Nation's Needs

Swift & Company keeps in touch with the changing demands of all parts of the country. More than 7000 telegrams are sent and received in a single day by the Chicago General Office.

Marketing Swift's products keeps a huge organization working at a telegraphic tempo.

The retail store where you buy Swift's Premium Hams and Bacon is only one of the thousands that must be supplied by Swift & Company at the right time with the right amount of the right kind of meat.

It is a problem! And the story of how it is solved makes interesting reading in the Swift & Company 1929 Year Book. You will find much of interest and value to you in this book. Please mail the coupon below for a free copy.

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417-A

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A condensed set of health rules—many of which may be easily followed right in your own home, or while traveling. You will find in this little book a wealth of information about food elements and their relation to physical welfare.

CONTROL YOUR WEIGHT WITHOUT DRUGS OR TIRESOME EXERCISES

Effective weight control diets, acid and bland diets, laxative and blood-building diets, and diets used in the correction of various chronic maladies.

The book is for FREE circulation. Not a mail order advertisement. Name and address on card will bring it without cost or obligation.



Health Extension Bureau
434 Good Health Bldg., Battle Creek, Michigan

HUMAN NATURE IN BUSINESS



By FRED C. KELLY

A BOND salesman recently tried an argument on me that I had not heard before. He said I ought to buy bonds because today it is possible to buy a better automobile for each dollar spent, and a better suit of clothes for \$22.50 and a better pair of shoes for \$4 than at any time in many years.

In other words, he insisted, the trend of buying power of the dollar is upward and if you buy a bond now the dollars you will get back when it comes due in 20 years or so will be better dollars than the ones you paid for the bond in the beginning.

DURING several recent breaks in the stock market you may have noted that high-priced stocks paying only a small dividend, or no dividend at all, have often behaved better than those paying a fairly good yield and at a price level not requiring large amounts of capital. That is to say, you found just the opposite condition from what you might reasonably have expected.

The presumption would be that when stock prices are headed downward, the first ones to be sold would be those that cost the most to carry. And it is indeed true that there is a tendency for speculators to sell their best stocks first and keep their poorest ones—because the best grade of stocks probably show a profit while the others show a loss.

Undoubtedly, the high-priced, low-yield stocks would invariably be sold first if they were carried only by persons of modest means and on margin accounts with brokers.

But the explanation of the fact that such stocks, of the type of General Electric and yielding perhaps only two per cent, hold up well under selling pressure is that they are owned largely by wealthy people who don't care a hang about immediate return on their money and can't be forced to sell by temporary market difficulties. High-priced stocks can't easily be dislodged, because they are in financially strong hands.

Many people of great wealth actually seek out good stocks that pay no dividend, and seem unlikely to pay much dividend, and use them for permanent investment. They prefer to have their

profit in the undivided surplus of a big company, or in the increased value of the stock, rather than in dividends—for the simple reason that they don't need the money right away and don't like to pay income tax on large dividends.

BECAUSE of the tendency for the higher-priced stocks to find their way into strong hands, they are usually the safest for small investors. Ten shares of a stock selling at \$200 is ordinarily far more conservative than 100 shares of a stock selling at \$20. But amateurs like low-priced stocks, even though they are more dangerous.

True, most high-priced stocks were low-priced in the beginning. But they were low-priced then because they hadn't yet become seasoned and only a person gifted at foretelling the future could have invariably picked the good from the bad. Ordinarily, a stock is low-priced because its earnings are low and its future uncertain. Amateur speculators say:

"Well, I like a stock so low-priced that even if it goes to nothing I can't lose much."

But far more money is dropped on stocks selling at less than \$10 than on those which have soared above \$300.

NEVER, says the head of a financial house, has the public been so eager for new stock issues in reorganized companies having poor earning records. Investors almost prefer to buy into a company with a poor record rather than into one with a better record.

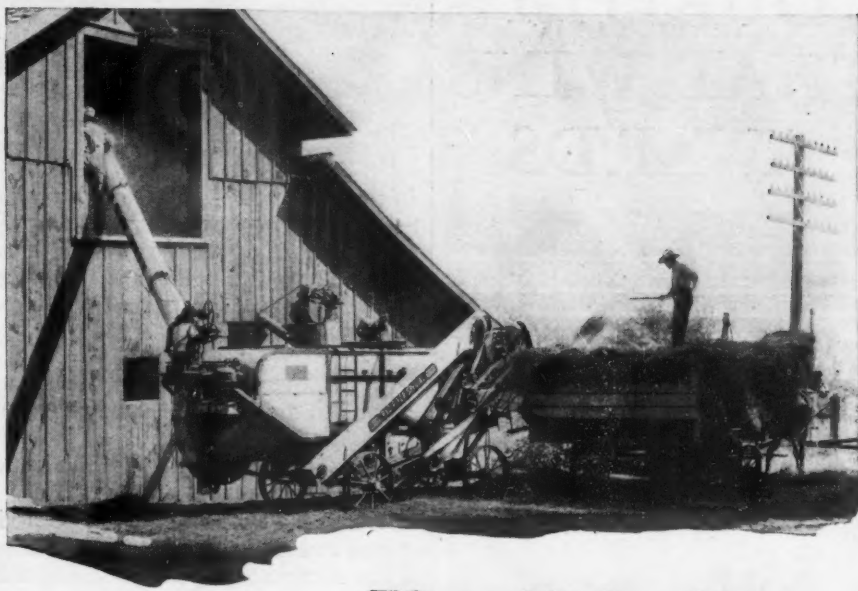
The explanation is that nearly everybody knows somebody else who has made much money by buying a stock "on the ground floor." When they see stock for sale in a company with a past none too good and with promises of better things ahead they think it must be their opportunity to go and do likewise.

ANEW YORK shopkeeper keeps tab on impending weddings and after the honeymoons are over goes to the little love nests to buy up duplicate wedding presents at his own price.

PPOTATO growers' associations are worried about the widespread idea that potatoes are fattening—this coupled with the fact that the slender silhouette is now stylish.

ALSO, 'tis said that health columns in the daily papers, and diet columns, suggesting substitutes for meat, are annoying to the meat packers.

APROFESSOR of sociology recently confided to me that he would like to know just what it is about human nature that makes it possible for a New York business man to wear a silk hat to his office if he wishes, whereas in Chicago such procedure would only make him feel uncomfortable and ridiculous.



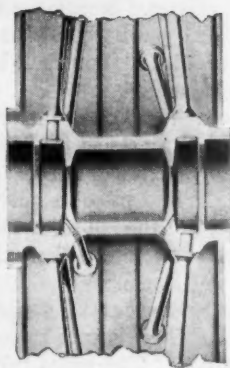
They Make Any Portable Machine A Better Machine

THERE are four more or less distinct types of built-up metal wheels in common use. The French & Hecht type lends certain advantages to any machine on which it is used. Thus Nichols & Shepard and other large users of wheels equip their implements with French & Hecht Wheels.

In French & Hecht construction the method of fastening the spokes to hub and tire is a highly developed process that assures a far stronger wheel. French & Hecht wheels are actually about 35% stronger than other wheels of comparable weight.

French & Hecht wheels make transportation easier and safer. They withstand the continuous strain of road shocks and jolts and remain permanently tight and rigid. In addition to these advantages there is the assurance that French & Hecht wheels are mechanically correct for every application.

So efficient are French & Hecht manufacturing facilities that a distinct saving in cost of wheels can be effected in most instances for manufacturers of any wheeled equipment. The vast engineering experience and facilities of this organization are always available to manufacturers. Write.



Each spoke is heated and forged in the hub, forming a shoulder on the outside and a head on the inside, similar to a boiler rivet.

The outer end is expanded in the tire with a shoulder on the inside and is riveted on the outside.

There can be no other Steel Wheels like French & Hecht because the essential features of construction are exclusively French & Hecht.

FRENCH & HECHT, Inc.

Wheel Builders Since 1888

DAVENPORT, IOWA

SPRINGFIELD, OHIO

FRENCH & HECHT

STEEL WHEELS

When writing to FRENCH & HECHT, INC. please mention Nation's Business

QUALITY THAT WINS AWARDS



The Equitable Trust Building chosen—by famous architects as the outstanding building achievement in New York for 1928—is equipped throughout with Circle A Partitions.

Thus quality was combined with quality—for so splendid was the workmanship and appearance of the Circle A Partitions that they too were judged the finest for 1928.

Nothing can surpass the rich dignity of these panelled walls of polished wood. Sectional and movable, they allow new office layouts almost overnight. (Many of the largest industrial concerns in the country use Circle A Partitions for their offices.) Some of the industrial users are: Pratt-Whitney, Westinghouse, Timken, Bell Telephone, Warner Gear, General Electric, etc. Write for details.

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CIRCLE A PARTITIONS

Sectional—Movable

When writing please mention Nation's Business

Hurry! Hurry!

By ADELAIDE KEZI

In this short essay a young girl describes her first impressions of her first job. We are printing it, not alone because we think someone may find a moral in it, but because we feel that it is interesting and refreshing.—The Editor.

THE hurry of it! Hurry to get up this first morning, hurry to catch the street car, hurry that you may breakfast at the shop, hurry to the work-room.

Everything is noise; the huge power is started and all is started, even something in you starts though you're standing still.

The noise of it; scissors clicking, machines whirring, bells ringing, irons thudding. Arms move up and down, throwing the finished piece and grabbing another. You stare at all this and wonder what your job will be. Will you become citizen of this vast city of speed? You look behind you. Can you imagine it?

You have come right up from the center of the shop, the little cement hill you climbed led you to the city of speed and you are in the midst and pit of a hurrying, deafening city. But the hill has a purpose; all aisles lead to it, right then and there you called it "Rome."

The aisles are like streets and the workers like inhabitants. Where is your street? Where is your number? The guide takes you to the foreman, and he gives you the key to your house, in the form of a pair of scissors. He is your landlord and all he demands for rent is good quick work. You are placed at a table just right for your height of five feet.

There Is Speed Everywhere

YOUR landlord brings you a batch of work, it is a pile of trouser legs and you must notch the slit in the pockets with sharp, quick snips of your scissors. You finish the first pair, fold it, and begin another. How slow you are! The two girls across from you are so fast that you look like the prize example of slow motion.

You try to go faster. Look! be careful! Why you have the trouser upside down! The foreman comes over and tells you to go slowly. You need not fear for the day's wages because beginners are paid by the hour and not by the piece.

You look around again. Such a big factory! Even if a giant tried to illustrate its expanse by stretching his long arms and saying "so big," his illustration would be small; long, wide, you cannot discern workers at the other end. Everybody hurrying, everybody yelling above the noise of the machines; the city of speed and you are slow. Everybody laughing, talk-

ing; the city of friends and—you know no one.

You look above. Why it's a pleasant place; the sun shines through the ceiling! The skylight gives you light and a breath of air. Who said factories were dark, dreary dungeons? This has a roof of frosted glass and is like a hothouse. No fragrance and serenity but instead the odor of steaming irons on thick wool, the agitation of a rushing factory.

People Rushing for Life

YOU look at it amazed. Are the workers real people? Why not? If reality is not here, where is it? It's not grim reality, it's pleasant. Exhilarating—real people, working, hurrying, rushing, for—life. Reality in its strength, reality in its helplessness. *You*, cutting pockets in trousers, who wanted to write novels. *You* cut pockets in trousers and you may *hope* to write novels, of people, real, vibrant, determined.

Whee! the noon whistle blows and all is stopped. Stopped as if suddenly dead. The machines stop, the bellowing noise stops, but the hurry is still there. All roads lead to Rome, all aisles lead to the little subway and you file in line toward the cafeteria. Rows of wooden tables.

You think of—but you are hurried along in a line of hungry workers and you find yourself taking pretzels.

You eat your pretzels like caviar. Gee! but they're good! You'd work here just for the pretzels.

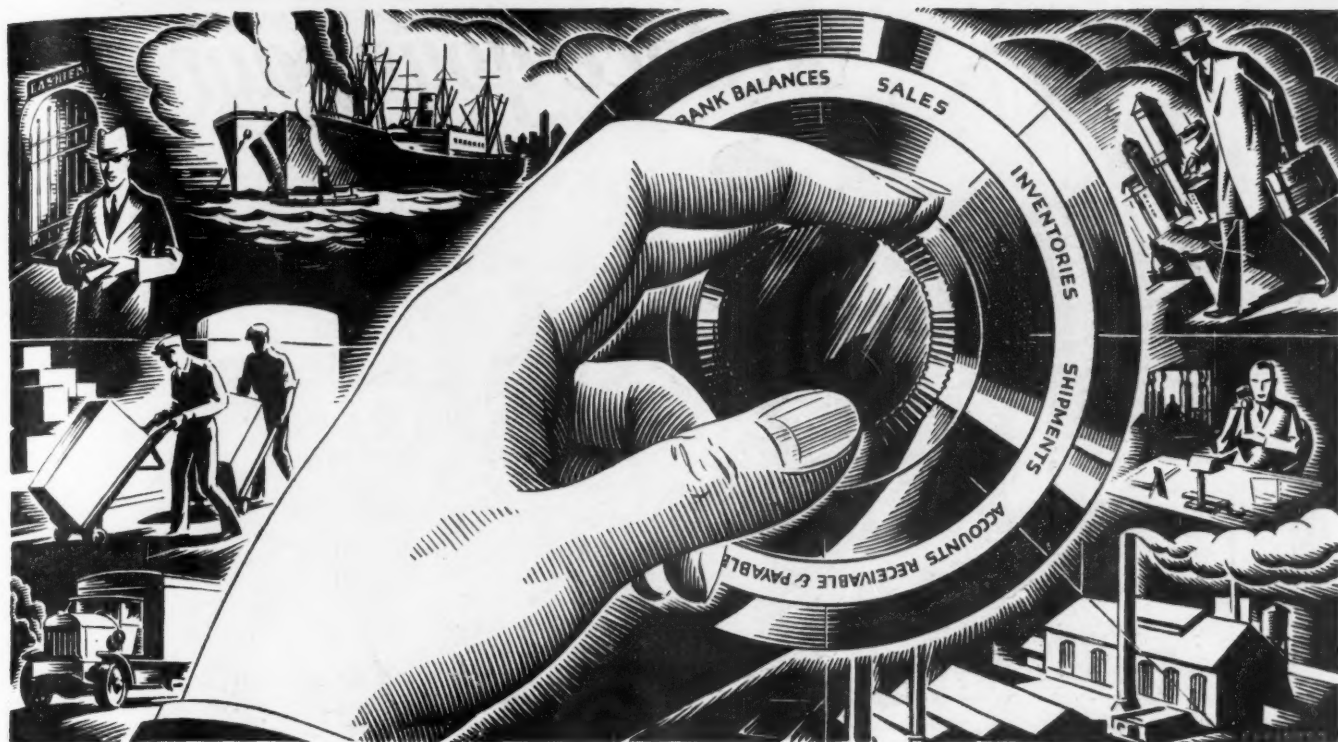
Soon it is over and you must go back to the city of speed. How dead it sounds as you climb the cement hill. When you reach the top you see everyone in his street but so restless.

Zip! boom! and the noises start, the power seems injected right into the hands of the workers; and all is started. Even you fall in step.

Snip, snip—go your scissors. You hurry. Snip, snip, snip, and soon you are through with your first batch. You proudly bring it on a table, walk to a booth and ask the girl for more work.

She tells you that you may be tired. The humaneness of it! You may come to the booth tomorrow morning and get all the work you want. You get your purse, smile at everyone you can and walk toward the little subway. As you go down you turn your head and leave the city speeding on.

But tomorrow! Then you'll be there! You are in a hurry for tomorrow, you hurry home, you hurry supper, you hurry sleep. You want it again, soon, you want it tomorrow; the noise of it, the hurry of it!



Tune in . . . on each department of your business every morning

*This method gives you the vital facts
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LIKE the general who is directing his army, the successful executive must keep in touch with every unit of his organization every day.

And the kind of reports that enable him to reach his objective consist of cold figures—brought right up to the minute. "Everything's fine," may sound encouraging from a department head, but your decisions reflect a much truer picture when you act on concrete evidence: "Shipments 1525"; "sales \$21,350"; "cash in banks, \$49,780" . . . and so on.

With Elliott-Fisher you get these vital figures every day . . . from every department of your business. Not a month old or a week old, but posted up to the very hour when business closes for the day. The next morning a summary is placed on your desk showing exactly what was accomplished the day before.

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Flat Surface Accounting-Writing Machines

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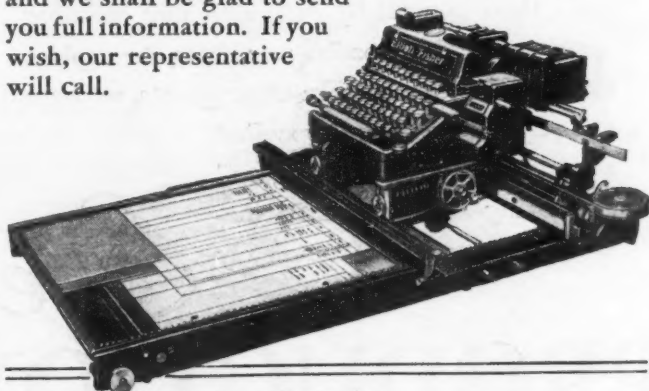
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Elliott-Fisher Accounting-Writing Equipment gives you complete control by placing the essential figure facts in front of you before they become ancient history.

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We'd like to tell you more about the part that Elliott-Fisher plays in their success. Use the coupon below and we shall be glad to send you full information. If you wish, our representative will call.



General Office Equipment Corporation
342 Madison Avenue, New York City

Gentlemen: Kindly tell me how Elliott-Fisher can give me closer control of my business.

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Eliminate
costly hand operations

A MACHINE CAN DO IT

Your payroll dollar brings you less return than any other dollar you spend in your business . . . When you discount time and material wasted alone, through slow, inefficient hand operations, the efficiency of your payroll dollar is alarmingly low.

Special Production Machines, Inc., has helped a number of manufacturers rescue lost profits from their payroll by designing and building speedy, efficient, special machines, to replace slow hand operations. In other plants, we have cut payroll costs and speeded production by re-designing and improving semi-automatic machinery to make it completely

automatic. In some plants, a little improvement on existing machinery has resulted in speedier production, less spoilage and greater all 'round efficiency. In the last six months alone our work has saved thousands of dollars in some of the largest and best known plants in practically every industry.

We are organized to help you solve production problems of any character . . . A booklet describing the services of Special Production Machines, how it operates and how it is serving manufacturers, will be sent on request . . . Special Production Machines, Inc., Norfolk Downs, Massachusetts.

Special **PRODUCTION MACHINES**

A Division of **PNEUMATIC SCALE CORPORATION, LIMITED**

For over thirty-five years Pneumatic Scale Corporation, Limited, has manufactured automatic labor-saving machinery for many of the world's largest producers of merchandise.

When writing to SPECIAL PRODUCTION MACHINES, INC. please mention Nation's Business

THE PATTERN OF COMMERCE



As Seen by
Raymond Willoughby



BY proclamation of the National Poultry Council "National Egg Week" is to be observed from May 1 to May 7. The poultry and egg trade, retail dealers, and the allied industries, the Council declares, are uniting to pay "this great national tribute to the American hen and her wonderful food product."

Belated as this recognition may seem, it should not fail to bestow credit where credit is due. Conservative and radical, the Plymouth Rock and the Rhode Island Red should receive the full citation for service. The publicity does not say whether the hens will be laid off during the celebration, or whether they will receive the "tribute" on the job. Like as not, they will prefer to deliver the goods.

No matter. It is easy to come at the spirit of the thing in slogans as strictly fresh as "Eggs for health" and "Eggs start the day right." What part of the population is not egg conscious is now in way to



be egged on to a better appreciation of the "sunshine in sealed packages," as the Council so brightly phrases this albuminous virtue. Well, we feel sure we are regularly acknowledging the useful citizenship of the hen when we speak of other up-and-doing Americans as good eggs.

JUST why telephone communication has not been made a convenience of railway travel is not quite clear. One reason is offered in the statement of O. H. Caldwell, former radio commissioner, that "we are told telephone service from the 'Century' or the 'Broadway' would not pay." This judgment he had related to his assertion that

in Germany and Russia passengers on fast trains can call up and converse with persons in cities ahead or those they have left behind. A traveler from Berlin to Hamburg, for example, can maintain telephone com-

munication with offices or homes in either city while he speeds along at sixty miles an hour.

And as for radio,

on some of the fast Canadian trains each chair in the club car is equipped with head sets for listening to broadcasting. Each passenger may therefore listen in at will without disturbance to other passengers. Any one who has traveled on one of these trains can testify to the relief from the tedium of the journey, such as radio affords.

Perhaps the greatest public service is indicated in his suggestion for relieving "the dreary isolation of the average railroad station," a boon that could be granted with installing

loud speakers operated over the railroad's own telegraph lines without disturbing telegraph service in any way. This would be "wire broadcasting"—not wireless. The railroad would control its own programs, and, along with musical features, could interpolate valuable public-relations messages, information for shippers and the public, and agricultural matter.

This proposal has all the earmarks of a public benefit. One thing sure, static could be depended on to garble the free information with all the ingenious gusto of the old-time train announcers.

DENVER sees "a new outlet and enlarged opportunity for many manufacturers of Denver and the state" in the new distribution plant which Montgomery Ward & Company has established in Colorado's capital city. To quote from a statement by the local chamber of commerce, "it strikingly illustrates how establishment in the city of distribution agencies and branches for national concerns may serve the advancement of local manufacturing."

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True, Nature puts on a bigger show, making nothing of 100,000,000 volts in a few millionths of a second. By comparison Mr. Peek's epochal flash seems like the feeble phut of a wet firecracker.

The worth of his production is in the fact that "mastery of lightning problems has been removed from the realm of the medicine man," and "while there is still much to learn, lightning may be said to be now at least on an engineering basis,



since it is expressed numerically in volts and amperes."

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In the order of value, the by-products sold in 1928 were: coke, scrap, coal, glass, motor benzol, cement, ammonium sulphate, gas, charcoal, wood distillates, slag, lumber, and pig iron.

Officers of the company have pointed out that the careful attention given to the disposition of the Ford by-products, and their prompt utilization for the development of commodities having the greatest market value are important factors in the economical production of the Ford automobile. That policy is characteristic and it has become generally appreciated.

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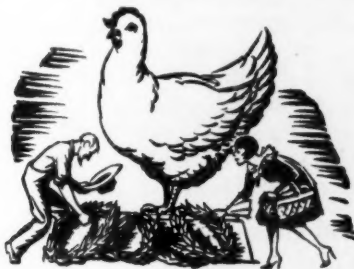
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So successful in his home he installed them in his theatres

THE COLLINGSWOOD THEATRE
THE LARRY AMUSEMENT CO. COLLINGSWOOD, N. J.
May 24, 1928.

S. T. Johnson Co.,
511 N. 3rd St.,
Philadelphia, Pa.

Gentlemen:

The splendid operation of your burners prompts me to write to you.

So late you installed for me one of your Pull Automatic Burners in my home. This burner has been satisfactory in every way. It gives me an even temperature at all times throughout the house and is a great aid in saving coal in eliminating the handling of coal.

After having obtained such wonderful results with the burner in my home, I did not hesitate to use a Johnson Burner in the Diamond Theatre. During the Fall of 1926 and the Spring of 1927 we used 9,500 gallons of 19-23 Baume Oil at 5¢ cents per gallon (\$498.75). The consumption the previous year was approximately the same. Two years previously we used 68 tons of stove coal at \$15.50 per ton (\$1,064.00), thereby showing a saving of \$565.25.

This burner pleased me so well that when I contemplated building the Collingswood Theatre, I decided that nothing but Johnson Burners would be used, and up to the present time it has given me the same complete satisfaction.

I am one of the opinion that Johnson Oil Burners are the best and will be glad to recommend them to anyone who desires the best efficiency that can be had in oil burning equipment.

Yours very truly,
Larry Amusement Co.

One of many letters
praising the dependability and efficiency
of Johnson Oil Burning
Equipment.

—and his Johnson Oil Burners save 52% in fuel costs!

The above letter reveals an almost unbelievable saving. But this reduction of 52% in fuel costs is not an isolated case. Similar performances are being made every day by Johnson Oil Burners.

That is why Johnson oil burning equipment is used wherever efficiency and comfort are paramount. In homes, large buildings, factories and industrial plants from coast to coast, Johnson Oil Burners are performing a dependable, economical, trouble-free service.

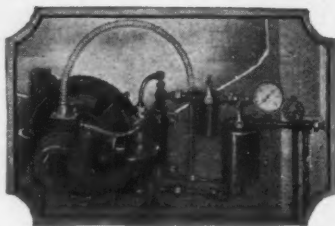
There is a size and type for every heating and power purpose. And each product is fully guaranteed—the result of

more than 23 years' experience in the exclusive manufacture of oil burning equipment.

Install now—pay later

Time payments make it easy to purchase Johnson oil burning equipment. In your home, for example, you can install the Johnson Automatic Oil Burner now for a down payment as low as \$75 and you need pay nothing more until October.

May we send you further details? Please state if information is desired for home, apartment, hotel, public building, factory or industrial plant.



JOHNSON OIL BURNERS

LISTED AS STANDARD BY THE UNDERWRITERS' LABORATORIES
AUTOMATIC MEMBER UNIFORM HEAT

S. T. Johnson Co., Dept. 529-D
940 Arlington, Oakland, Calif.



Please send me information on
Johnson Oil Burners for use in

(State size and type of building or industry)
Name _____ Address _____
City _____ State _____

MAKERS OF OIL BURNING EQUIPMENT FOR MORE THAN 23 YEARS

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ness is enormously successful so that the results are startling, but Mr. Ford's great departure lies in the fact that he has given the enterprise the benefit of its own motive power."

PATENT litigation is costing American industry much too much, and the burden should be lightened, thinks Dr. Harrison E. Howe, of Washington. For means he proposes an unofficial patent court. He believes that "we know nothing which can so sap the resources of a company as to engage in serious patent litigation," and that "not only are great financial resources necessary, but the thought of the executives is diverted from other things, and quite generally the scientific staff must turn from its investigations and concentrate upon expert testimony."

As he is the editor of *Industrial and Engineering Chemistry* it is natural that he should direct his suggestion particularly to the chemical industry. As a remedy, he thinks "the chemical industry should set up a court of its own, adherents agreeing to abide by its decisions and forming so inclusive a group that none will care to hold aloof. Three men who, by training, experience, and demonstrated regard for high ethical principles, could be relied upon to reach just and sound decisions could be selected as judges of such a court."

In one sense, the idea is not new, as Dr. Howe is quick to explain, for many commercial disputes are now settled by unofficial courts of arbitration "set up by industries which have learned that such procedure gives promptness in rendering decisions, expertness in reaching conclusions, and great economy in the settlement of disputes." Novelty or not, Dr. Howe's proposal takes fresh thought of the economies comprehended in Andrew Carnegie's famous dictum, "Avoid resort to law; compromise."

DISCOVERY that 28,000 car loads of "non-utilized" wood are available in Virginia argues the belief that consumer preference is only consumer prejudice. "At first glance the results of the survey would seem to imply a charge of wastefulness against the lumber industries," says a report of the investigators.

"But when it is considered that this waste is brought about largely through consumer prejudice as evidenced in discrimination against short and odd lengths, and against the use of low grade lumber, it is clear that the consumer is as much to blame for the waste as are the wood-working industries."

This surplus material, which is exclusive of the waste occurring in the forests and of wood used for fuel, is equivalent to the production in board feet of lumber from 93,000 acres of average stands of timber. The amount was determined by means of questionnaires, which were mailed to sawmills, woodworking plants,

and allied industries throughout the state. Of the 1,243 plants questioned, 995 replied.

Solution of the problem of non-utilized wood should be nearer for the assembly of this information from Virginia. A stubborn complication proceeds from the continuing situation in which one industry's wood may be another industry's waste.

THE electrical farm is nearer a reality by a report that rural power lines are now using from 100 to 300 kilowatt hours a month. To appraise the significance of that consumption it is only necessary to know that six years ago, when the first experimental lines were established, the average was about 25 kilowatt hours a month, and that consumption was chiefly for lighting.

To make this kind of service economically possible, the energy consumption must average at least 100 kilowatt hours a month. So says the W. B. Foshay Company, of Minneapolis, which is also authority for the information that the first



of these rural lines was put in operation at Red Wing, Minn., in 1923, and that the second was established at Renner, S. Dak. From these and later experimental lines, the utilities gained the cooperation of agricultural colleges, county agents, farm bureaus, electrical equipment dealers, bankers, farm paper editors, power company executives and rural specialists.

And by a process of demonstration, the farmer learned of other uses for electrical power on the farm, not as a luxury but as a means of reducing the amount of work, speeding up jobs and reducing labor costs.

Beyond the substantial technical gains, the success of the trials provides a refreshing evidence of practicality in the welter of political farm relief. The utilities will do well to write into their service platforms a plank that will assure more "volts for farmers."

BERTHS for eighteen persons—ice water—dressing rooms—the last word in motor travel luxury. So reads the advertisement of "America's first sleeping motor bus." Buses of this new "pullman type" are to be operated by the Great Lakes Stages on a route which includes New York, Philadelphia, Buffalo and Cleveland with connections for Chicago and the West.

For the present these buses provide a veritable novelty in transportation—a sufficient one, the operators thought, to

Night Letter to the Sales Manager



... from one of his Salesmen



... "Just saw new National Machine Stop It's four fifths Pressed Steel Stop ... Looks better and sells for less than ours Stop This new competition serious Stop ... What are we going to do about it?"

He's right ... this new competition is serious ... and it was made possible by redesigning the old machine into pressed steel ... one unit of the new design was a Fan Housing. The old cast iron part weighed 24½ pounds ... the new redesigned pressed steel part weighed only 8½ pounds ... a saving in weight of 65.3% ... and the actual production saving was close to 30% ... If you, too, have competition to meet, a YPS Designing Engineer will work out the pressed steel details for you ... no obligation. If you want to cut your costs ... use the coupon.

THE YOUNGSTOWN PRESSED STEEL CO.

513 UNIVERSITY ROAD, WARREN, OHIO

Please tell us how Pressed Steel might cut our costs—and send us a copy of your free booklet, "Adventures in Redesign."

Name _____ Title _____

Firm _____

Address _____





Your Personal Friend wherever you travel abroad

Whether you have been abroad before or not, you can imagine what an advantage it is to have a friend there—some one who can help you...who speaks your own language.

Such a friend is the smiling, uniformed representative of the American Express. You will find him wherever travelers congregate—at the important docks, custom houses and frontier points. Whenever travel problems arise, he is nearby, eager to help in a hundred and one different ways.

You will find the helpful service of this "friend" a pleasant reminder that you are not a stranger in a strange land. You are assured of an automatic introduction to him the moment you change your money into American Express Travelers Cheques. For over two generations this international money has protected the funds of travelers and even in the nooks and corners of the world, it is as readily accepted as local currency.

Issued in denominations of
\$10, \$20, \$50 and \$100
Cost 75c for each \$100

For sale at 22,000 Banks, American Express and American Railway Express offices. Merely ask for the sky-blue American Express Travelers Cheques.

*for safety
and spendability*
**AMERICAN
EXPRESS**
Travelers cheques

Steamship tickets, hotel reservations, itineraries, cruises and tours planned and booked to any part of the world by the American Express Travel Department

When writing please mention Nation's Business

make it worth while to exhibit one at the Waldorf corner in New York. But it is certain that this "last word" will not remain the last.

Every gain made by one form of transportation is eventually matched with an advance in another, and by this competitive progress along different lines the public is better served. The maximum of comfort and convenience attained in one period quickly becomes the minimum of the public's expectation.

A NEWER, if not a sharper edge to competition is visualized and illustrated by the Guaranty Trust Company of New York. This "newer competition," as the bank calls it, comes to view in the "advertising contest" between a leading cigaret manufacturer and organized sugar interests.

"On the one hand, the enjoyment of smoking is emphasized, along with the alleged fattening properties of sweets; while on the other, the reader is called upon to witness the cheapness of sugar and its wholesomeness as an article of diet." Now, the bank takes the position that

although such a purely competitive advertising campaign may at first sight appear to have a nullifying effect, it is quite possible that in the end not only one side, but both,



may benefit from it. Even the public at large may derive advantages sufficient to justify the cost, it is contended, since such advertising brings out values in products that have never been generally known.

This type of sales effort helps to make the public the real arbiter of what it shall buy; and, if properly weighed, tends to raise the level of intelligence upon which demand and consumption are based. Its supporters point out that instead of being a hidden, covert competition between industries, carried on through secret influence upon legislative bodies and in the back alleys of business, it brings the fight into the open and makes the public the umpire.

The idea seems sporting enough, but the ways of umpires are notoriously hard. And the judgments indicated seem to signify the ideal contest in which only facts are submitted to trained intelligence. It is wise advertising, indeed, that knows its own product. Wiser, still, is the consumer who always knows the product apart from the advertising.

WHETHER or not the world is still curious about what made a Roman holiday, new evidence is on the way up from the mud of Lake Nemi. Business and engineering are at the bottom of this mat-

ter, and promise visible results. For 2,000 years two Roman houseboats, once used as summer resorts by the Emperor Caligula, have been buried in the depths of the lake. From time to time divers have brought up bronzes, bits of statuary, and other objects that indicate the art and luxury of Caligula's day, but no organized effort had ever been made to recover the ships and their treasures in their entirety. Now the lake is being drained by a group of firms acting with representatives of the Italian government.

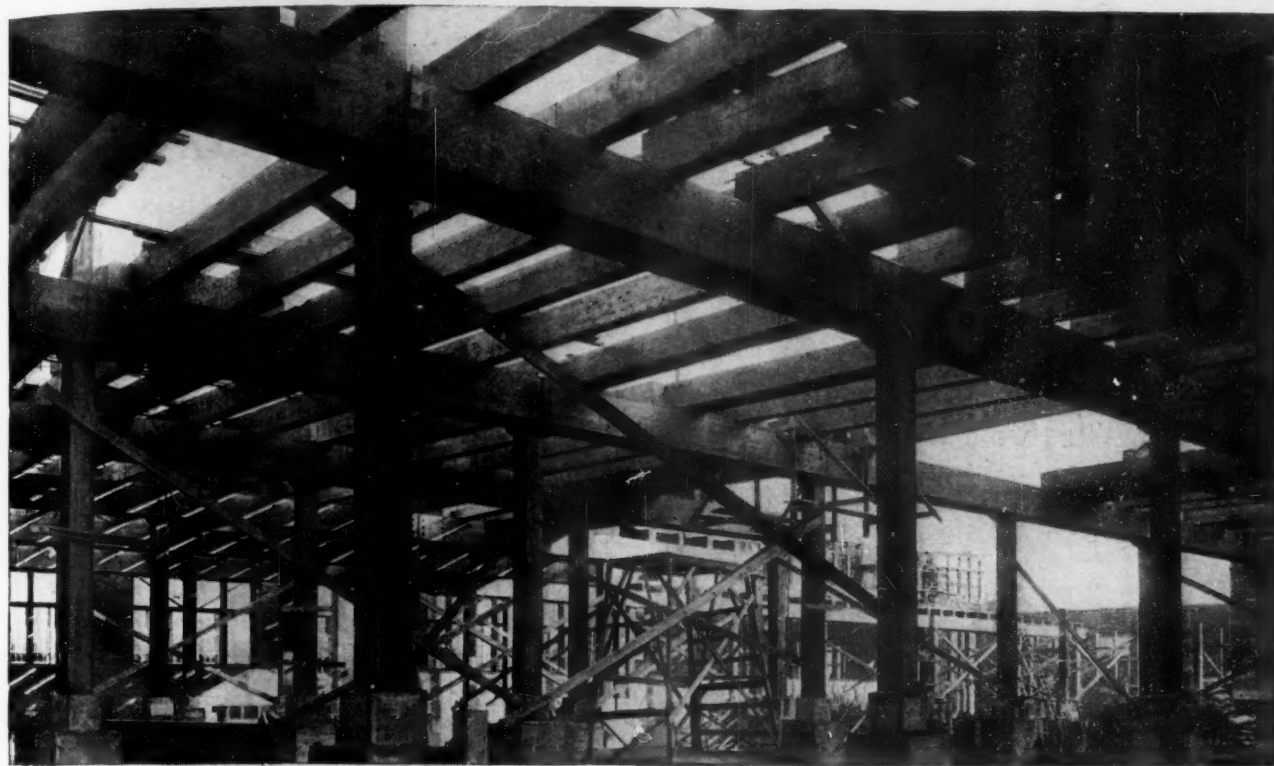
THE genius that shapes our commodities seems to leave less to chance than the destiny that shapes our ends. It is commonly observed that the various parts of our anatomies are the life of trade, and now, for present example, the radio industry has been counting ears. This census revealed radio in 9,000,000 of the 28,000,000 homes in the United States—radio "of some sort, variety, or description," to quote Bond P. Geddes, executive vice president of the Radio Manufacturers Association.

Less than a third of the sets are "modern electric." Two thirds belong to the "tallow dip age of a few years ago." With a market so inviting in view what could be more apt than Mr. Geddes' assurance that "saturation talk is all wet?"

INVENTORY of our liquid assets by the Geological Survey yields the information that waterpower development is apparently proceeding despite the remarkable advance made since 1919 in the efficiency of fuel-burning plants. At the first of the year the total capacity of water wheels installed in waterpower plants of 100 horsepower or more was 13,571,530 horsepower, an increase of 1,275,530 horsepower—less than half the gain made last year. Of the total horsepower, 11,886,336 was included in 1,605 public utility and municipal plants, and 1,685,194 in 1,770 other industries.

To the Survey's investigators it seems that the time may not be far distant when the construction of waterpower plants will be restricted by the advantages of modern steam plants. The increase in the developed waterpower in recent years apparently indicates that the time has not yet arrived.

IF there is any lingering resistance to automobile salesmanship, it is likely to relax completely under the impact of the "car of the month" policy announced by one of the manufacturers. Only one of these cars, finished in distinctive colors and with special trimmings, will be included in the monthly quota of each local dealer. While the whole idea may seem a mere merchandising frill, it should appeal to those who really take their distinctions seriously. Thus tempted the fascinated consumer can avoid yielding only by putting his whole soul into a demand for calendar reform.



Photograph and data by courtesy of the Julius Seidel Lumber Co., St. Louis, Mo.

Interior of one of the International Shoe Company's great new timber-framed factory buildings, near East St. Louis

Lumber great aid to modern industry

Heavy timber construction again demonstrates its advantages



"American Standard Lumber from America's Best Mills" is now obtainable Grade-Marked and Trade-Marked—Guaranteed for your protection.

A GREAT group of new factory buildings was urgently needed by the International Shoe Company of East St. Louis . . . world's largest shoe manufacturers.

"Use lumber!" the engineers and architects said. "Heavy timber construction has proved its superiority in over forty of this Company's plants.

"Lumber withstands the fumes, the corroding acids of tanning . . . the vibrations of heavy machinery. Lumber buildings are speedily erected . . . adaptable . . . and the most economical."

In all industries . . . owners are turning the 10% to 25% construction savings of timber-framed buildings into the business . . . saving interest and reducing plant overhead.

And now the Lumber Industry has taken a great new forward step. "American Standard Lumber from America's Best Mills" is now obtainable both grade-marked and trade-marked.

If you want ready assurance of standard quality—lumber plainly stamped with the mark of the expert grader—look for the grade-mark on each board.

Know the lumber you use

When the "National Tree" symbol, shown below, is also stamped on the

board, it is the *guarantee* of the National Association that the mark is correct.

Guaranteed lumber can now be had in every species. Inquire of your dealer.

Remember that there's an abundant supply of lumber, relatively low in cost and of better quality than ever.

The lumber industry is becoming a great forest-growing industry. Its raw material—timber—is perpetually renewable. Liberal use of wood is the stimulus to commercial forestry.

Write for further details on our new lumber services. Booklets will be sent you, free, entitled "Taking the Mystery out of Lumber Buying," and "Choosing the Industrial Building."

NATIONAL LUMBER MANUFACTURERS ASSOCIATION
Dept. 253, Transportation Bldg.
Washington, D. C.

Offices in New York, Atlanta, Pittsburgh, Boston, Chicago, Indianapolis, Dallas, Memphis, San Francisco, Portland, Ore., Kansas City, Minneapolis, Los Angeles

THESE 17 great associations affiliated with the National Association maintain particular information and service organizations that coordinate with the general services of the National staff.

†California Redwood Association, San Francisco, Calif.—Redwood
California White & Sugar Pine Manufacturers Association, San Francisco, Calif.—California Pines, White Fir
Hardwood Manufacturers Institute, Memphis, Tenn.—Oak, Gum, Southern and Appalachian Hardwoods
*North Carolina Pine Association, Norfolk, Va.—North Carolina Pine

*Northern Hemlock & Hardwood Manufacturers Association, Oakkosh, Wis.—Hemlock, Maple, Birch and Northern Hardwoods
*Northern Pine Manufacturers Association, Minneapolis, Minn.—White Pine, Norway Pine
*Southern Cypress Manufacturers Association, Jacksonville, Fla.—Cypress and Tupelo
*Southern Pine Association, New Orleans, La.—Long Leaf and Short Leaf Southern Yellow Pine
*West Coast Lumbermen's Association, Seattle, Wash.—Douglas Fir, Sitka Spruce, West Coast Hemlock, Western Red Cedar



†Western Pine Manufacturers Association, Portland, Ore.—Pondosa Pine, Idaho White Pine, Larch
National American Wholesale Lumber Association, New York, N. Y.
National Association of Wooden Box Manufacturers, Chicago, Ill.
*Maple Flooring Manufacturers Association, Chicago, Ill.
British Columbia Lumber and Shingle Manufacturers, Ltd., Vancouver, B. C.
British Columbia Loggers Association, Vancouver, B. C.
Hickory Golf Shaft Manufacturers Association, Memphis, Tenn.
American Wood Preservers' Association, Chicago, Ill.

*Grade- and trade-marked lumber available in these species

†Trade-marked lumber available in these species

When writing to NATIONAL LUMBER MANUFACTURERS ASSOCIATION please mention Nation's Business

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IN ECONOMICAL BUILDING CONSTRUCTION



STRUCTURAL Clay Tile, a comparatively new product as we reckon the age of building materials, has been accepted everywhere as an economical material for permanent construction.

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*An Authoritative Institution for Research and Development,
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WHAT I'VE BEEN READING

By WILLIAM FEATHER

ALL hindsight studies of investments seem to indicate that the buyer and holder of common stocks enjoys a larger income and a greater appreciation of capital than any other investor in securities.

Many books have been written on this subject in the last five years. Dozens of investment trusts, holding portfolios filled with common stocks, have exceeded the expectations of the most visionary promoter. Prices and paper profits have made the conservative bond buyer gasp.

The newest study is by Dwight C. Rose of Scudder, Stevens & Clark, investment counsel.¹ Rose offers an overwhelming mass of statistics and charts to support his conclusions. Almost half the book is taken up with minute studies of actual investment programs of insurance companies and others.

The advice to the conservative investor is to hold at all times 40 to 50 per cent of his capital in the common stocks of the leaders of successful industries. The balance should be in liquid short- and long-term bonds. In a major depression bonds should be sold and the commitment in common stocks should be increased to possibly 80 or 90 per cent. When prosperity is again in full swing the stock holdings may be reduced to a lower proportion and the proceeds reinvested in bonds.

To follow such a program requires diligent study and sturdy patience, but Rose convinces the reader that the profits are handsome and the risk no more, if as much, as a 100 per cent ownership of gilt-edged bonds.

One wonders, of course, how the future is going to treat these new scientific investors, with their plans for analysis, diversification, hedging and participation in the growth of the country. Are they winning so many converts to their idea that they are to be undone by their own success? Are bonds being so completely overlooked by the desire to own equities that a hindsight view five or ten years from now will make the buyer of com-

mon stocks at present prices look like as big a fool as the investors who were loaded up with long-term bonds back in 1910?

The new school of investors is riding high and handsome at the moment. What will be their standing in 1940? One wise saying is that only the unexpected ever happens. Has any item been overlooked by the scientific investors? One wonders.

AFTER reading "Your Money's Worth," which contained a violent attack on advertising and a plea for standardization, Charles E. Carpenter, head of E. F. Houghton & Co. of Philadelphia, was indignant. Instead of suppressing his rage, he wrote a 246-page book.²

Why don't more business men write books? I've often wondered. Perhaps they lack the knack of expressing themselves in writing. Carpenter, fortunately, is a skillful writer, having had 20 years' practice as editor of The Houghton Line, a house organ published by his company. His writing is lucid and vigorous, often picturesque.

"Dollars and Sense" is a practical and successful business man's challenge of the claims of the advocates of standardization. Carpenter draws his arguments from his own experience and makes many of the assertions of inexperienced theorists appear ridiculous.

He also turns his fire on those who regard advertising as an economic waste. These chapters are the best in the book. Here he recites the place that advertising has had in the building of his own business. He compares the cost of selling without advertising with the cost of advertising plus personal salesmanship. The figures are illuminating and decisive in favor of advertising.

The author is eloquent and effective in his attack on standardization in the chapter entitled "The Quest of Happiness." Unless the state of happiness can be specified and defined, how can we say what people should have?

"One man's idea of happiness," he says, "is to 'mortgage the future' and own a desired commodity without waiting to save, knowing full well that there are certain hazards attached to the plan of instalment buying. Another's idea is to pay cash for everything and be happy by avoiding the worry of debt. Each has a right to be happy in his own way. There is no such thing as standardized happiness. If happiness is the goal of life and if there is no standardized happiness, then

there is no such thing as a standardized life."

The most priceless thing in life is freedom of choice. A young man in love with a blonde nit-wit can't be argued into accepting a brunette even though she graduated from Vassar with highest honors. One has only to look at a soda fountain menu to realize that people have queer tastes. The best lunch dish may be crackers and milk, but many girls prefer pickles and ice cream with a caramel sauce.

Carpenter's argument for freedom of choice is well done, and is the answer to much of the nonsense in "Your Money's Worth."

IN 1924 Mr. and Mrs. Robert S. Lynd and three assistants moved to a city in the 25,000 to 50,000 population class, of which there are 143 in the United States. This city might have been in Ohio, Indiana, Illinois, Michigan or Wisconsin. The writers called it Middletown.

What they observed and, by painstaking study and questioning, discovered about Middletown is reported in a 550-page book.³ It is an evaluation of contemporary American culture.

The Lynds take us into the houses of workers, many of whom are supporting a wife and six children on a pay of \$35 a week. They make us realize the horrible fear of unemployment that haunts industrial employees. They tell us of mothers of large families who never get outside their ugly houses, except to shop. We learn how eager people are to give their children the benefit of education. We are told of the trouble many of these children make for their parents, with demands for clothes, automobiles, dance and movie money. We find out what the young and middle-aged in Middletown read, what movies they attend, what their religious beliefs are, and how often they go to church.

Luncheon-club noon hours, lodge meetings, prayer meetings, and morning literary club discussions are opened to us.

Eddie Guest is the favorite poet of Middletown. Dorothy Dix is widely read and considered profound. The butchers complain that the people will go without meat before they will cut down on gasoline for their automobiles. The wives of the business class in Middletown attend to the social activities. The men trail the women.

Middletown, in short, is a fairly accurate picture of what is going on every-

¹Investment Management, by Dwight C. Rose. Harper & Brothers, New York. \$5.00.

²Dollars and Sense, by Chas. E. Carpenter. Doubleday, Doran and Company, Inc. \$2.

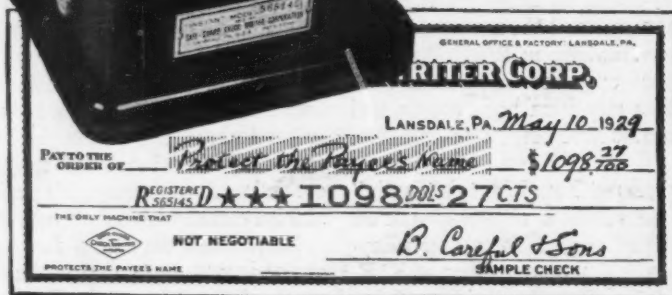
³Middletown, by Robert S. Lynd and Helen Merrell Lynd. Harcourt, Brace & Company, New York. \$5.



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Here, in the new Instant Safe-Guard Check Writer, are all of the requirements that the business world needs for the complete protection of checks from alteration and forgery.



The New Instant Safe-Guard Check Writer

retains the features that made the older models famous but incorporates a number of new ones.

The big unalterable figures printed in indelible ink eliminate the possibility of changing the amount.

Every machine comes to the buyer equipped with a registered numbered plate. Special name and trademark plates are available to increase the advertising value of checks.

Payee's name—a vulnerable part of the check—is macerated with the stroke that imprints the amount—an exclusive patented feature of the Safe-Guard.

Instantaneous clearance of keyboard by depressing release bar; also individual column correction keys. Gravity feed for checks. Great speed and ease of operation. A delight to users. Preferred by leading banks—who know.

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Detailed information on request. Demonstration without obligation. Send attached inquiry form.

Safe-Guard Check Writer Corporation, Lansdale, Pa.
You may supply further information about your Instant Safe-Guard Check Writer.

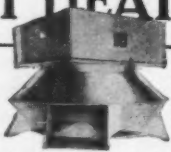
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For modern methods of plant heating



Read the new illustrated Wing Catalog

1. Air heated directly overhead and delivered vertically downward—with uniform coverage of floor area.
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Bound Papers are Safe Papers!

ACCO FASTENERS protect important correspondence, orders, follow-up records, etc., against misfiling and loss, saving valuable reference time. The inexpensive ACCO FASTENER, (two prongs on a broad base, with a lock or compressor) firmly binds papers temporarily or permanently. Can be used wherever papers are filed. The first filing is the last! Write for sample, giving dealer's name

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ACCO FASTENERS

where in the United States. Every statement is based on close study. Literally thousands of questions were asked on scores of different subjects.

Throughout the study, wherever possible, life in Middletown in 1890 is contrasted with life today, although no attempt is made to judge between the eras. The facts are presented for the reader to do with as he likes.

However, the book is not quite free from moralizing. It struck me that the investigators were consciously superior to the folk of Middletown. One could not imagine any of them settling down in Middletown, or returning there for a social visit. The investigators were not the type that "belonged." Of course, the fact that they did not "belong" enabled them to make objective observations which became both a source of strength and a source of weakness.

The picture that emerges from the book is depressing. I wonder if there are not too many shadows, and if more light could not be let in. Even the most conscientious observer cannot report everything he sees and hears. He reports what he considers significant. These observers apparently had a keen eye for warts, moles, cross-eyes, dirty necks, and rundown heels. I hope there is beauty under the skin in Middletown.

A STUDY of the balance sheets of over 500 of the largest industrial corporations reveals that the average report is not merely inadequate, but woefully inadequate; that it does not give the security owner the information to which he is entitled, and that it does not give him all of the information that is necessary if he is to make a competent decision as to whether the securities he owns should be held or disposed of.

"And if," writes Laurence H. Sloan, managing editor of Standard Statistics Company and author of "Corporation Profits," "it is not the primary function of corporation reports to give precisely these data, then we admit that we are quite at a loss to understand what type of information corporation reports are really intended to convey."

Sloan is unable to discover that the corporations whose securities are listed on the New York Stock Exchange have any uniform policy on the important matter of depreciation. The general practice seems to be to make substantial write-offs for depreciation if net profits are high, and less or none if profits are low or if there is a deficit. Since the usual practice is not to state what sum has been charged to depreciation, the security holder has no means of knowing the status of the property in which he owns shares.

Stockholders from whom such information is withheld are at a disadvantage.

Corporation Profits, by Laurence H. Sloan. Harper & Brothers, New York. \$3.50.

whereas a relatively few persons, close to the corporation's affairs, may profit from their wider knowledge. To remedy this and other faults the author submits an "ideal" corporation balance sheet.

"The old contention that a concern 'gives aid and comfort to its enemies' (i. e., competitors) when it makes a complete and illuminating financial statement has been completely blasted," he writes. "In every line of business at the present there are a few concerns which approach the ideal in their annual statements, and these have thoroughly failed to demonstrate that their competitive position has been impaired thereby."

The book contains a mass of information, tables and charts bearing on the relative status of the leading industries. The assembly of it must have been an enormous task. The balance sheets of more than 500 industrial corporations were sifted by various tests until there remained only 24. These comprise the aristocrats of American industry. They are the largest, wealthiest, biggest earners, and most liberal in disbursements to owners of their securities. The list:

Allied Chemical & Dye Corp.; American Smelting & Refining Co.; Anaconda Copper Mining Company; Bethlehem Steel Corporation; E. I. Du Pont de Nemours & Co.; General Electric Company; General Motors Corporation; Goodyear Tire & Rubber Co.; Gulf Oil Corporation of Pa.; International Harvester Company; Liggett & Myers Tobacco Co.; Reynolds (R. J.) Tobacco Company; Sears, Roebuck & Co.; Standard Oil Company of California; Standard Oil Company (Indiana); Standard Oil Company of New Jersey; Standard Oil Company of New York; Swift & Co.; Texas Corporation; Union Carbide & Carbon Corp.; United States Steel Corporation; Vacuum Oil Company; Westinghouse Electric & Mfg. Co., and Woolworth (F. W.) & Co.

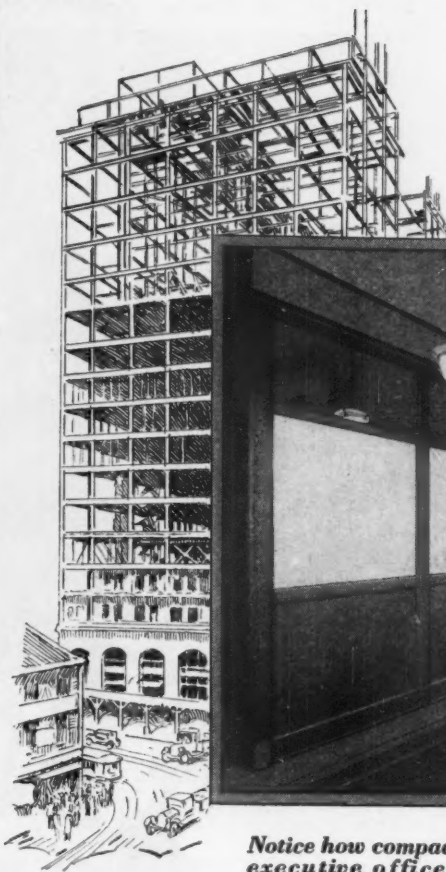
Sloan proposes an interesting thesis to explain why manufacturers have enjoyed prosperity in the last decade whereas the extractive industries, dealing in raw materials, have suffered a minor depression. The explanation is that our natural resources are overdeveloped, which causes raw materials to come to the market at a relatively low price.

"This," he says, "has made it possible for manufacturers to reduce their own costs, their ultimate selling prices, therewith to increase their total volumes, and therewith also to increase the size of their profits."

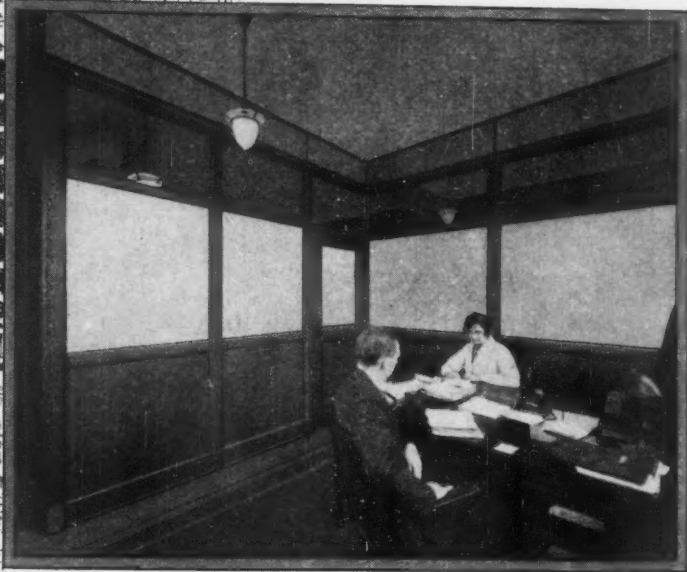
Industrialists and owners of industrial securities will find "Corporation Profits" a valuable and instructive book.

"NEW Dimensions" explains what "modern" means when applied to furniture, rugs, wall paper, and architec-

New Dimensions, by Paul P. Frankl. Payson & Clarke, Ltd., New York. \$6.



Mills Metal Partitions



Notice how compact and neat appearing are the Mills Metal executive office partitions in the above photograph

Save 80% of Partition Weight

JUST as the drive shaft in the old-time automobile was two or three times as large as the current one, so is the tendency everywhere toward less weight to perform the same service.

Mills Metal Interchangeable Partitions are only one-fifth as heavy as the old-fashioned kind and besides they take up twenty-five per cent less space, cost less to install, never wear out and can be re-arranged to suit any requirement.

And the new designs with greatly improved lines in myriad colorings make Mills Metal Interchangeable Partitions a full expression of the 1929 Idea of practical economy, speed and beauty. No matter what your business, there is a Mills Metal Partition for your purpose. Send for descriptive literature.

THE MILLS COMPANY

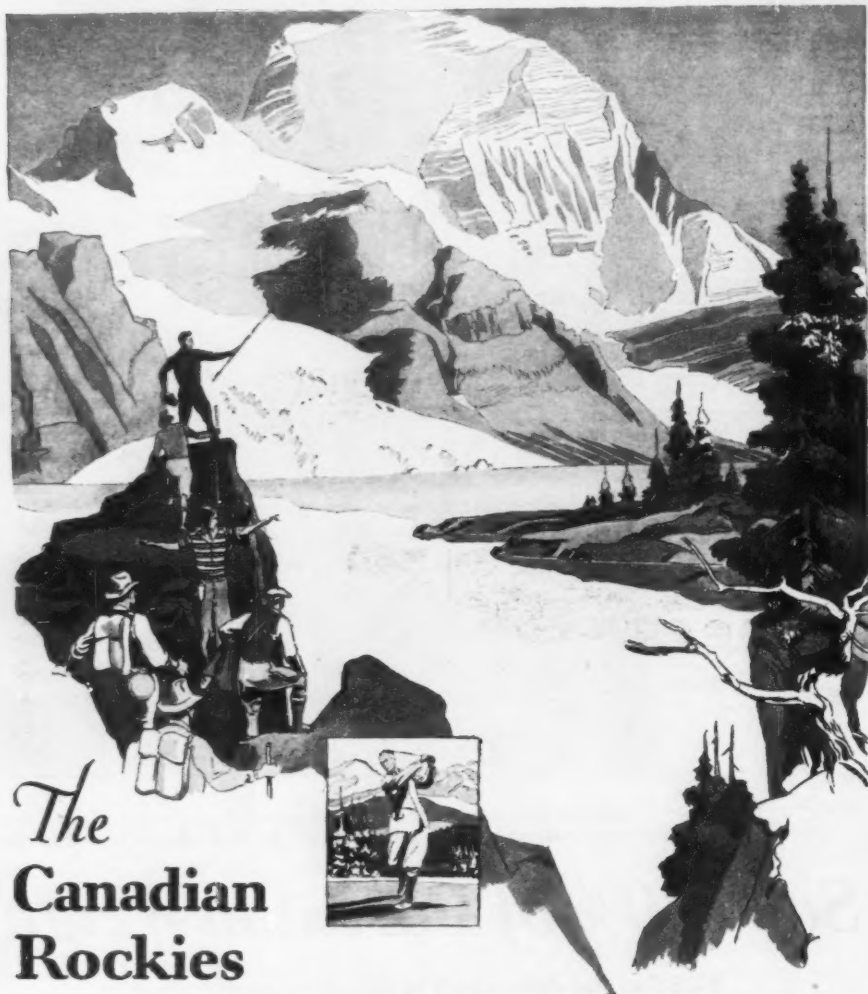
A Mills Metal Partition for Every Purpose

900 WAYSIDE ROAD :: CLEVELAND, OHIO
REPRESENTATIVES IN ALL PRINCIPAL CITIES

A 1929 Idea Marblmetal—a toilet partition with ¾-inch panels, beautiful design and finish, absolutely sanitary and the economy and durability of metal. Write for folder describing this new idea.

MILLS  **METAL**
INTERCHANGEABLE PARTITIONS

CANADIAN NATIONAL—TO EVERYWHERE IN CANADA



The Canadian Rockies

Canada's great Alpine Playground

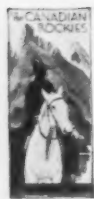
Come to the glorious Canadian Rockies this summer for an invigorating, inspiring, enjoyable vacation—amid Canada's highest and most majestic mountains.

Stop at Jasper Park Lodge, mirrored in the crystal waters of Lac Beauvert—with gorgeous views in all directions. Golf over the finest eighteen-hole course in the Canadian Rockies. Play tennis, motor, hike or ride the trail to famous glaciers, canyons, lakes and wild game haunts.

Enjoy swimming in the warmed pool, canoeing, dancing, music—the privacy of a rustic log cabin bungalow and the gaieties of the main lodge. Season, May 21st to September 30th.

See Mt. Robson, monarch of the Canadian Rockies, and follow the deep gorges of the leaping, swirling Thompson and Fraser rivers or the mystic Skeena as you travel by the Jasper Park-Pacific Route west to the Pacific coast in luxurious comfort.

Special Jasper Golf Week—Sept. 7th to 14th



For booklets and Canadian travel information—write, please or call.

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The Largest Railway System in America

OPERATING RAILWAYS • STEAMSHIPS • HOTELS
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83 East Fifth Street
SAN FRANCISCO
639 Market St.
SEATTLE
1229 Fourth Avenue
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901—15th St., N. W.

ture. The pages of this book are large, half text and half pictures.

Frankl offers a sensible explanation of why we are today seeking simple lines. It is because our present civilization is mechanical and highly complex. While complexity is a characteristic of our mechanical lives, it is the opposite of what we seek for aesthetic enjoyment.

And so we are pleased when this complexity is hidden from sight.

"The modern radio set," he explains, "with its whole maze of wires, tubes and ingenious contrivances, is perfected in the laboratories of industry. But as soon as it enters the home this entire complex mechanism is covered over with a simple and dignified cabinet. The simple lines of a modern steamer give little clue to the intricate machinery contained in the hull. Outwardly the modern automobile, with its dignified lines, is very simple compared to the curves and detail of an old coach.

"Simple lines are modern. They divert our attention and allow us to feel ourselves master of the machine."

Frankl demonstrates that modern interior decoration is based on sound reason. It reflects the speed, directness, and sharp contrasts encountered in daily life. Wood must look like wood, steel like steel, plaster like plaster. A chair must be comfortable, and a lighting fixture must give light where light is wanted.

Any business man, the sale of whose product is influenced by style, can profitably buy and read this book. Modern design is not a passing fancy. It is here to stay. Those who first master modern design in desks, chairs, lighting fixtures, and even in office machines and heavy factory machinery, will enjoy a decided advantage. Customers may not know why they like the modern in design, but, when it is well done, they like it—and buy it.

Style is turning hundreds of tons of household goods into junk. Take Oriental rugs which are out of harmony with the modern spirit.

"There is little excuse for the use of Oriental rugs," says Frankl, "except that one has them around and one has grown up with the impression that they are of immense value and therefore must be held quite sacred. Some people are either born with or inherit a flock of Oriental rugs; others marry into a family of them. There are some, however, who set out deliberately to buy them and for such there is little hope or excuse. The illusion that rugs are of great value can easily be shattered by attempting to dispose of them. It is then very often that their intrinsic worth will sink almost as low as their artistic value."

IN "Crying Our Wares," issued by The John Day Company, there is a note about Howard W. Dickinson, the author. This is a good idea, recently suggested in

"Crying Our Wares," by Howard W. Dickinson. The John Day Company. \$3.

this column. Why don't more publishers use it? A reader of a book, particularly a business book, wants to know about the author and his experience. Such knowledge adds interest to reading.

Dickinson has had 20 years' experience in advertising, five with Good Housekeeping and 15 with George Batten Company, advertising agents. His opinions, therefore, are worth hearing, since they flow out of successes and mistakes.

I found downright inspiration in "Crying Our Wares" and I highly recommend it to business men. It will give them a new conception of promotion, and perhaps new courage.

Dickinson contends that the tragic leak in industry is the failure to take advantage of opportunity. A factory that could turn out a volume of \$100,000 a month and only turns out \$50,000, due to stupid sales promotion, is losing a possible extra profit of \$5,000 a month. If a treasurer or a salesman were stealing that much money he would be hustled into jail. A foreman who wasted raw materials worth a hundredth of that sum would be called to the front office to explain. How closely we guard a dollar in cash! How indifferent we are to \$1,000 that we might earn by intelligent, bold effort!

"There never yet was the same proportionate value in a hundred dollars' worth of economy that there is in a thousand dollars' worth of promotion," says Dickinson. "Promotion is the life blood of industry. . . . The lesson of making money comes before that of saving it. And the profit value of promotion compared with that of saving is more than ten to one."

In the chapter entitled "Well, Let's Tell the Worst," Dickinson reveals that all is not perfect in the advertising business. He condemns the practice of buying testimonials from prominent people. If this is continued and further abused it will weaken all advertising. Other advertising men agree with Dickinson, and the suggestion has recently been made that the reform must come from the publishers. It has been proposed that they shall refuse to publish advertisements containing testimonials, unless it can be established that they were voluntarily given without pay.

"Your Money's Worth," mentioned elsewhere in the column this month, did much less damage to the cause of advertising than is now being done by advertisers themselves. The American public is tolerant to a fault, but the saturation point is dangerously near. One of these fine days a powerful publisher is going to refuse to publish the copy of a powerful advertiser, written by a powerful advertising agency. Then the battle will be on, and the publisher will win because decency and integrity and fairness will be on his side.

THE story of the Everyman Library, one of the greatest feats of book publishing, is told in "The Memoirs of J. M.



*that
inventory
statement?*

YES, IT'S IN THE SAFE!

AN answer that speaks volumes. It's a sure sign of a properly managed business when important papers such as inventory records, insurance policies, accounts receivable and like records are always to be found in a safe—where they should be when not in use.

Can your secretary make a like answer to a similar question? If not, immediate steps should be taken.



Let us measure your degree of fire risk and recommend the proper safe.

Fire, negligence and dishonesty are always at hand ready to destroy the heart of a business—its vital records.

Diebold Fire Resistive Safes are designed to remove this risk—in them your important records are secure. They are made in all sizes and styles to meet the needs of every business, and carry the label of the Underwriters' Laboratories.

Your fire may happen tonight—write for details.

DIEBOLD SAFE & LOCK COMPANY, CANTON, OHIO

Represented in leading cities in U. S. A. and Canada

DIEBOLD SAFE
ASK YOUR BANKER

When writing to DIEBOLD SAFE & LOCK COMPANY please mention Nation's Business

GAS HEAT

*helps make
satisfied
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That this man from a humble beginning, without money or formal education, was able to become one of the foremost publishers in the world is a glorious tribute to the human spirit. So wracking was the pay-roll problem through many years of his business life that neither he nor his wife wished their sons to enter business. Later, of course, all that changed.

The Everyman Library, the foremost of many brilliant achievements, is the most complete and pretentious of the many book series planned and published

⁷*Memoirs of J. M. Dent.* J. M. Dent and Sons Ltd. \$3.

by Dent. Everyman was to comprise a thousand volumes, consisting of the best of the world's literature, well printed and bound, and selling for a shilling. (The price has since been raised. In the United States Everyman books sell for 80 cents.) Today there is probably not a reader of books in this country or in England who does not have at least a few Everyman titles in his library.

As a young man, with little money to spare for books, I bought dozens of the Everyman titles and was grateful to the publisher for offering so much at such a small price. Millions must have felt the same.

It was good to read of this fine man who contributed so much to human progress and enjoyment. He died in 1926. The public edition of his memoirs is well edited and published by his son.

On the Business Bookshelf

LIFE insurance, in addition to its more familiar roles, is coming to be an excellent investment on the growing investment trust principle.¹ The endowment and trust policies combine insurance and the investment trust. An old, well-established company and organization handles the investments.

Insurance companies have withstood financial depressions—depressions which some think may be the undoing of the growing investment trusts proper.

M. A. Linton, in the December *NATION'S BUSINESS*, pointed out the investment value of insurance. Mr. Borden, in somewhat more detail, explains in this book some of the trust services of the insurance companies. They, for instance, may by contract give the insured's wife a life income and his children an income till of age or longer, when the balance of the insurance policy is paid in cash.

All in all, Mr. Borden's book is well worth reading. It contains much useful information.

THE building of a city provides an interesting and romantic story. The story of the building of Kingsport, Tenn., is no exception.² That city received its name from Col. James King, who estab-

¹*The Investment Trust Service of Life Insurance*, by Albert G. Borden. F. S. Crofts & Co., New York, 1928. \$1.50.

²*Kingsport—A Romance of Industry*, by Howard Long. The Sevier Press, Kingsport, Tenn., 1928. \$2.50.

³*The American Year Book 1928*, edited by Albert Bushnell Hart and William M. Schuyler. The American Year Book Corporation, New York, 1929. \$7.50.

⁴*Sales Management Fundamentals*, by Richard C. Hay. Harper & Brothers Publishers, New York, 1929. \$3.50.

lished a mill there in 1774 and used the boatyard port for the shipping of iron, bacon, salt, and other commodities to towns down the Holston and Tennessee rivers. The port was called "King's Port," and later "Kingsport."

Kingsport—the old city—dates back to Revolutionary times, but the modern city was founded in 1917. Thirteen years ago cattle grazed in the meadows nesting among and protected by wooded mountains. A group of eastern bankers and industrialists recognized the potential value of the site, favored as it is by resources adapted to industrial uses.

John Nolen, an eminent city planner, of Cambridge, Mass., was invited to lay out what was to be a model municipality. The old city of Kingsport became a suburb of the new city.

The theories of labor and industry in Kingsport are interesting. In brief they rest upon the sovereignty of the individual and "human happiness and human welfare."

THE Year Book³ is an interesting and inclusive resume of the events and progress of America during the past year. Its subjects include elections, government and its functions, business, industry, economics, social problems, science, and the arts.

SALES management⁴ has become increasingly important since the World War left manufacturers with inflated production capacity. The sales department is consequently becoming nearly as well organized as the production end of the business.

Mr. Hay disclaims any attempt to discuss the whole subject of sales management. He says, "The field... is too big



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job, successfully done, an earning that no one can measure by money alone. The experience we gained, the new equipment we had to devise, put Robbins & Myers years ahead. In fact, we set up in our plant a tradition of Leadership, as invaluable to us as it is serviceable to our customers.

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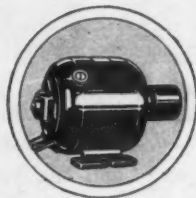
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and too complicated to be completely covered in one book. I have, therefore, confined myself to discussing some phases of the sales managers' jobs that in recent years have been singled out by executives for increasing attention."

Some important topics he discusses are training, sales promotion, research in sales management, and selling problems of the small manufacturer.

DOCTOR KLEIN⁵ has attacked the complex income tax problem for the benefit of the tax practitioner. The tax law is perhaps one of the most difficult to understand.

Doctor Klein explains the law's peculiar obfuscated verbiage and gives the reasons for the various revisions that produced the complexities of wording. For instance, he says, the clause referring to exemptions on income from certain governmental issues was rewritten several times to prevent the abuse of the exemption privilege through the buying of these bonds on margin or by borrowing on them after they were bought.

Doctor Klein has done an excellent work in explaining the law, even though his book is bulky and technical.

NORTHWESTERN University, with the cooperation of the National Retail Hardware Association, has made a study of the retail hardware trade in an effort to define the effects of volumes of business and location on retail hardware store operation.⁶

The study determines the manner in which gross margin, expense, and net trading profits or losses depend on the sizes of the cities in which the stores are located and on the varying volumes of sales.

"RENTING Offices"⁷ is an attempt by the National Association of Building Owners and Managers to provide a comprehensive outline of sound and successful rental policies.

Mr. Davidson, in providing a rental unit to replace the unsound square foot unit for calculating office rentals, makes a constructive contribution to the subject. As E. Clarence Holmes, president of the

Association says, "When we cease to use the square foot unit for determining or comparing office rentals and adopt a sound unit such as he (Mr. Davidson) recommends, we will stop repeating the common blunder of comparing unlike things."

MR. THOM, associate professor of geology of Princeton University, believes⁸ that we have no real reason to fear a shortage of petroleum and coal if reasonable care is taken to prevent wasteful exploitation of the supplies of these valuable fuels.

The greater part of his book is devoted to a careful geological treatment of coal and petroleum.

MR. MONTGOMERY has written a supplement⁹ to his volume "Income Tax Procedure 1927." The two volumes present a practically complete picture of the provisions of the law on income tax as it stands today. —W. L. H.

RECENT BOOKS RECEIVED

The Remedy for Overproduction and Unemployment, by Hugo Bilgram. The Foundation for Financial Research. New York. 50c.

Profits in Insurance Stocks, by Walter H. Woodward. The Macmillan Company, New York. \$1.50.

Cost of Government in the United States 1926-1927. National Industrial Conference Board, Inc., New York. \$2.50.

American Produce Markets by Henry E. Erdman. D. C. Heath and Company, New York. \$3.40.

An analysis of the marketing of fruits and vegetables.

Samples, Demonstrations and Packaging, by Norman Lewis. The Ronald Press Company, New York. \$4.50.

Manufacturing Costs and Accounts, by A. Hamilton Church. McGraw-Hill Book Company, New York. \$6.

Second edition, revised and enlarged.

How to Analyze Costs, by Coleman L. Maze and John G. Glover. The Ronald Press Company, New York. \$5.

The Bureau of Biological Survey: Its History, Activities and Organization, by Jenks Cameron. The Johns Hopkins Press, Baltimore, Md., 1929. \$2.

Public Schools and the Worker in New York, National Industrial Conference Board, Inc., New York, 1928. \$1.50.

The Government and Administration of Germany, by Frederick F. Bläichly and Miriam E. Oatman. The Johns Hopkins Press, Baltimore, Md., 1928. \$5.

Gold and Central Banks, by Feliks Mlynarski. The Macmillan Company, New York, 1929. \$2.

Credit and Collection Correspondence, by James H. Picken. A. W. Shaw Company, Chicago, 1928. \$5.

The Development of the Flour-Milling Industry in the United States, by Charles Byron Kuhlmann. Houghton Mifflin Company, Boston and New York, 1929. \$3.50.

Emphasizes the flour industry in Minneapolis.

⁵ **Federal Income Taxation**, by Joseph J. Klein. John Wiley & Sons, Inc., New York, 1929. \$10.

⁶ **Margins, Expenses, and Profits in Retail Hardware Stores**. Published for the Bureau of Business Research, Northwestern University. A. W. Shaw Company, Chicago, 1928. \$3.

⁷ **Renting Offices**, by William F. Davidson. National Association of Building Owners and Managers, Chicago.

⁸ **Petroleum and Coal: The Keys to the Future**, by W. T. Thom. Princeton University Press, Princeton, 1929. \$2.50.

⁹ **Income Tax Procedure 1929**, by Robert H. Montgomery. The Ronald Press Company, New York, 1929. \$7-50.

3

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What the World of Finance Talks Of

By MERRYLE STANLEY RUKEYSER

THROUGH trial and error, the Federal Reserve System, facing novel conditions, is seeking to establish a body of traditions for the new-style American banking.

The Reserve authorities continue to be criticized from all sides. Advocates of *laissez faire* attack them for interference, and proponents of a publicly regulated money market, including Senator Carter Glass, co-author of the Federal Reserve Act, charge the System with procrastination and timidity.

It is easy for a central banking system to contribute to credit expansion. Conversely, it is extremely difficult to accomplish credit contraction. The Federal Reserve was created in part to give elasticity to the credit system. When elasticity means expansion, the System works quietly and almost unnoticed, virtually without audible opposition. The temporary effect of credit expansion is a tonic to business and speculation. Almost unnoticed, it tends to enrich certain nimble operators.

Soon the business community adjusts itself to the existing facts of the credit situation. Any subsequent efforts toward credit contraction seem to infringe on the vested rights of large groups, and dramatic protests are made against "bureaucratic meddling."

Since changes in Federal Reserve credit are multiplied ten to fifteen times in adjustments in ordinary bank credit, there can be no question of the enormous technical power of the central banking authorities. They can ruthlessly contract the reservoir of credit, if they desire, but in so doing there is the danger of panicky security markets and the hazard of checking business prosperity.

With the cooperation of hindsight, it is easy to recognize that prior to 1928 the Federal Reserve was perhaps overlenient in encouraging credit expansion. As late as the Summer of 1927, the Federal Reserve, concerned with stimulating currency stabilization abroad, sought artificially to ease the money market by lowering the rediscount rate from four to three and one half per cent.

In carrying out this policy, the Federal Reserve Board met violent opposition from the directors of the Federal Reserve Bank of Chicago, and found it necessary to set the

precedent of changing the rediscount rate of that regional bank against the will of its directors.

The Reserve Board, with its eye on the international situation, thought the easy-money policy would also facilitate the export of American agricultural products. Although the aims were international, easy money was seized upon by domestic speculators as an invitation for intensified bulling of stocks, which already had shown a substantial upward trend for several years.

By the early part of 1928, with gold ex-

ports under way for four months, the Federal Reserve reversed its policy, and has since intermittently sought to restrict the flow of credit into speculative channels. In the first half of 1928, the Board authorized three increases of one-half of one per cent in the rediscount rate. The Federal Reserve, except at times when business needs were seasonally expanding sought to hold down the credit supply through open market operations also. In spite of such efforts, toward the approach of Spring, 1929, brokers' loans were at unprecedented peaks.

Reserve policy, though failing to prevent a further rise in brokers' loans, succeeded in causing temporary checks, such as prevailed in February, June, and early December, 1928, and March, 1929. These interludes of liquidation in practical effect did little more than improve the technical position of the market, and it did this at the expense of small and inexperienced speculative holders of stocks.

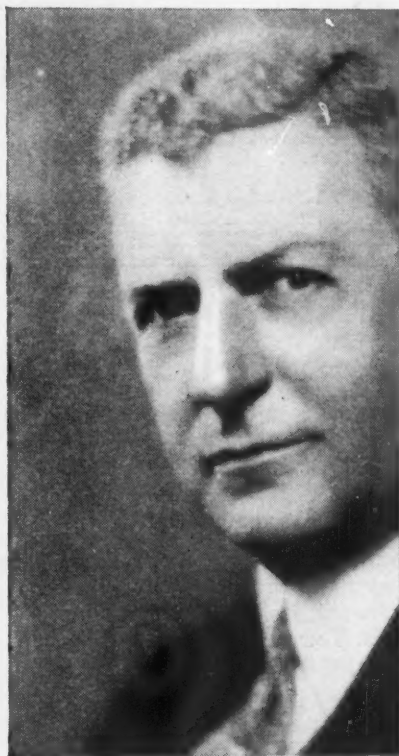
SOME influential private bankers believe that the Federal Reserve overstepped the bounds of sound procedure in seeking to exert market leadership. As one of them expressed it, the Federal Reserve should be content with reflecting conditions.

Outstanding British economists support this view of noninterference. Hartley Withers, former editor of *The Economist* pointed out:

"Do you want bankers to array themselves in surplices and chasubles and preach to the public about the use that is to be made of credit? As long as the producers and distributors of the goods that we all want to live on are amply supplied with credit, why should bankers trouble themselves about the extent of the speculative activities of the rest of us?"

"If some speculators are paying too high prices for securities in Wall Street, they will burn their fingers, but their loss will be the gain of those who have got out, and, in the meantime enterprise is stimulated by the ease with which stocks can be marketed."

Mr. Withers, who has acted as adviser to the British Treasury, thrusts the responsibility for speculation directly upon the individual and challenges the notion that any public body can protect the speculator from



BLANK & STOLLER

HERE'S a busy banker—Charles E. Mitchell. A few weeks ago he bolstered the sagging stock market by offering call loans at a rate sharply below the high level that had started the slump. The next week he was in the public eye again as a guiding genius in a new "biggest bank" merger, that of The Farmers Loan and Trust and the National City Bank

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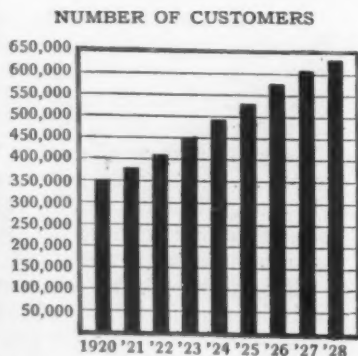
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his own blunders. By implication, a paternalistic policy of keeping the money market sound implies that public signals will be given when safety zones have been passed. From this standpoint, some traders will object that the Federal Reserve hung up the red flag prematurely last year.

Senator Glass indicates that the Federal Reserve erred only in deferring disciplinary action too long.

"The Federal Reserve Board," he pointed out, "had adopted the administrative policy of having Federal Reserve banks remonstrate with member banks against permitting the facilities of the Federal Reserve System to be used for stock speculative purposes.

"This should have been done long ago, before the situation got out of hand."

If discipline is justified, promptness of measures would have been far more desirable. Timidity at the outset tends to build up the objectionable features of the situation, and to make ultimate correction more difficult and severe. Prof. O. M. Sprague, of Harvard, believes that earlier advances in the rediscount rate would have been helpful.

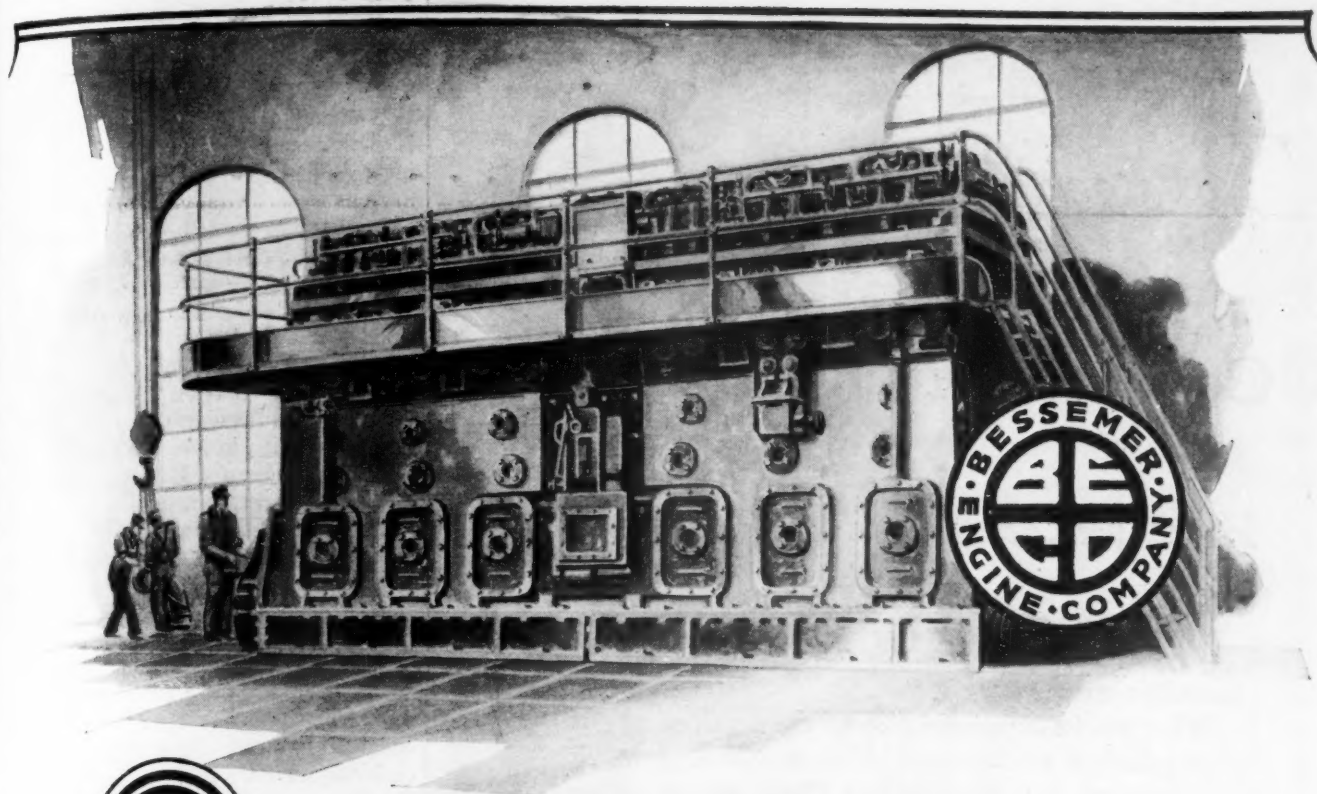
AREFERENCE to British policy—and the Bank of England is an adult in this field, in which our Federal Reserve is in years at least still a child—seems pertinent. On several occasions the Bank of England has been concerned with the problem of stopping a drain of funds to foreign money centers.

"At one period," says Walter Bagehot in his classic "Lombard Street," "the bank directors made a distinct step in advance of the public intelligence; they adopted a particular mode of raising the rate of interest, which is far more efficient than any other mode. Mr. Goschen recommended that the Bank of England should, as a rule raise its rate by steps of one per cent at a time when the object of the rise was to affect the foreign exchanges. The Bank of England, from 1860 onward, has acted upon that principle.

"Before that time it used to raise its rate almost always by steps of one-half per cent, and there was nothing in the general state of mercantile opinion to compel a change in policy. The change was, on the contrary, most unpopular. On this occasion, and, as far as I know, on this occasion alone, the Bank of England made an excellent alteration of policy, which was not exacted by contemporary opinion and which was in advance of it. . . . The Bank of England was almost immediately rewarded for its adoption of right principles by finding that those principles, at a severe crisis, preserved public credit."

MR. BAGEHOT'S references to the dangers of a policy of delay, though written in 1873, sound like contemporary criticism.

"There are," he said, "some chronic



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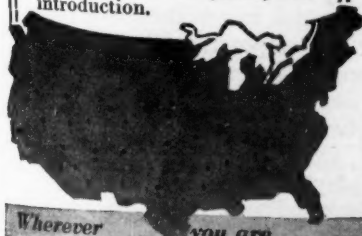
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We also realize that this daily influx of mail carries some very worthy new ideas which the busy man is glad to have brought to his attention.

Frankly, we have published this to interest you in a new booklet which we, as a large metropolitan bank, believe contains a new and worthy idea.

If you are an officer and stockholder in a close corporation, we recommend that you send for and read this booklet, "To Officers of Close Corporations."

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faults in the policy of the Bank of England, which arise from grave defects in its form of government.

"There is almost always some hesitation when a governor begins to reign. He is the prime minister of the Bank cabinet; and when so important a functional changes, naturally much else changes too. If the governor be weak, vacillation and hesitation continue throughout his term of office.

"The usual defect then is that the Bank of England does not raise the rate of interest sufficiently quickly. It does raise it in the end. It takes the alarm but it does not take the alarm sufficiently soon. A cautious man in a new office does not like strong measures. Bank governors are generally cautious men; they are taken from a most cautious class; in consequence they are very likely to temporize and delay.

"But almost always the delay in creating a stringency only makes a greater stringency inevitable. The effect of a timid policy has been to let the gold out of the bank, and that gold must be recovered. It would really have been far easier to have maintained the reserve by timely measures than to have replenished it by delayed measures; but new governors rarely see this."

The reserve policy of course has not been aimed at a conservation of gold, but at a stoppage of the rapid flow of credit into speculative channels.

With the reserves of the system three-fourths larger than the minimum requirements, the restrictive campaign has been voluntarily entered into as a preventive measure. It did not spring out of necessity, as the policy of 1920 did, when there was a danger that the Federal Reserve would fall below the minimum gold reserve requirements.

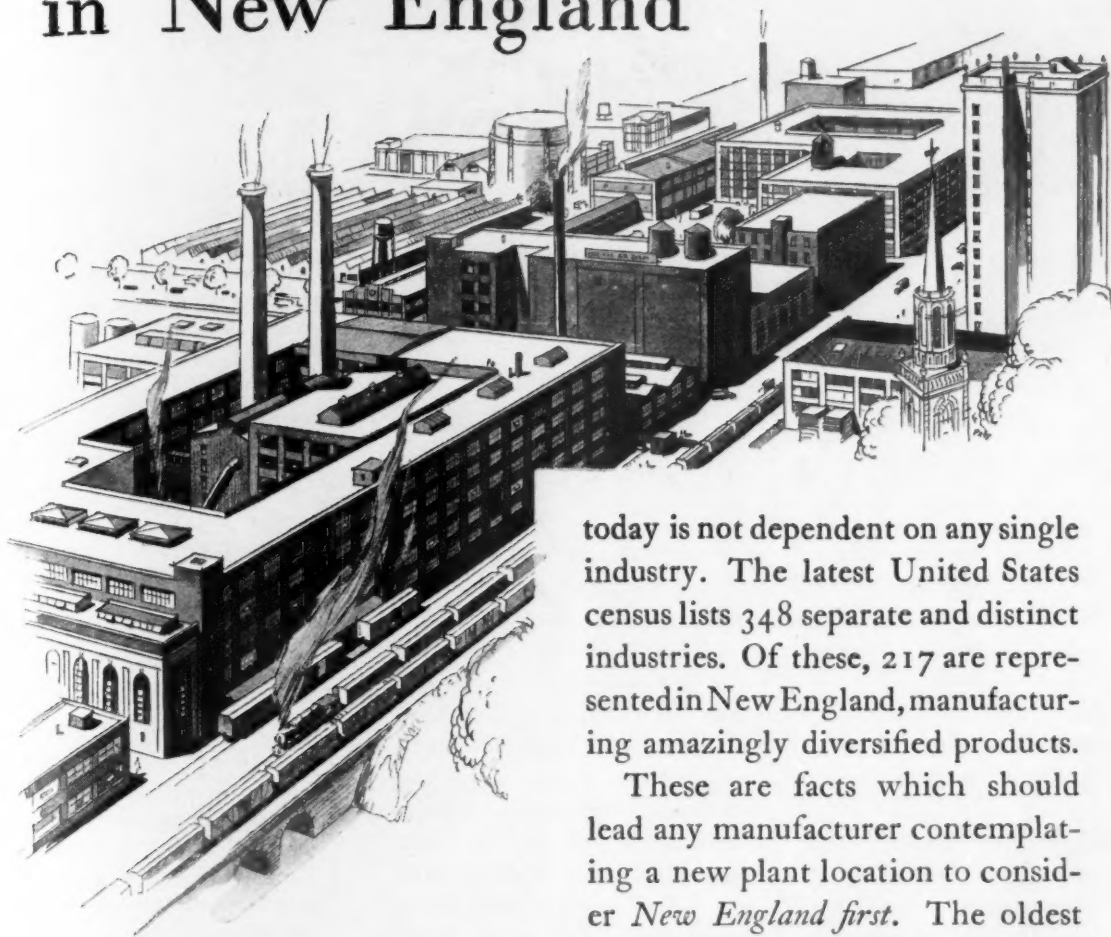
With the ratio of reserves of the system hovering around 70, some outsiders refused to be concerned over the credit situation. By its policy of refusing to allow reserve credit to be drawn unreservedly into speculation, the system has of course contributed to a rising level of interest rates, which, if long continued, it fears will prove harmful to business. Thus far, only the construction industry has shown any recession. General business during the first quarter was abnormally active.

As long as business prosperity continues, bulls are inclined to use periods of liquidation, superinduced by banking pressure, as a buying opportunity.

AS PART of the remaking of the country, the economic renaissance of the South, which was retarded somewhat last year by temporarily adverse crop conditions, is extremely important. Fairfax Harrison, who since the war turned the Southern Railway, of which he was president, from a weak to a strong railroad, has played a key role in the upbuilding of the new South.

"While the operations of the textile

There's Opportunity aplenty in New England



WITH only 7% of the nation's population, New England produces over 11% of all its manufactured goods. It is only to be expected, for this territory has always had mighty factors in its favor—abundant skilled labor, ample credit supply, unexcelled transportation facilities, a great consuming market right within itself.

And New England's prosperity

today is not dependent on any single industry. The latest United States census lists 348 separate and distinct industries. Of these, 217 are represented in New England, manufacturing amazingly diversified products.

These are facts which should lead any manufacturer contemplating a new plant location to consider *New England first*. The oldest and largest bank in the community will tell you any facts you may care to know.

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Life crowds you closely

The annoyance one feels in a traffic jam is a good measure of the value one sets on his time. With every moment precious, you simplify many of your every-day habits to gain time for the ever-increasing demands your business affairs make upon you.

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a dozen sources of investment information, put your investment problems in the hands of a house such as The National City Company. Our competent investment organization with 117 years of investment experience behind it can give you time-and-worry-saving advice in rounding out your holdings from our broad lists of sound securities. Telephone the nearest of our 50 American branch offices today.



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A 1928 Nation's Business

INDEX

will give you a ready reference to important business information printed in this magazine during 1928.

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NATION'S BUSINESS - Washington, D. C.

industry," Mr. Harrison pointed out, "have not been uniformly profitable in the recent past, in consequence of what has been regarded as a temporary over-expansion during a period of increasing use of other fabrics in wearing apparel at the expense of the demand for cotton goods, the mills of the South have suffered relatively less in this respect than have those in other parts of the United States.

"During the past six years the number of cotton spindles in mills outside of the South had been reduced 4,364,632, or 21 per cent."

BY turning iron slaves in the form of machinery into the performers of arduous toil, man is freeing himself for cultural pursuits, according to the optimistic view of the trend of civilization taken by Magnus W. Alexander, of the National Industrial Conference Board, who says:

"The machine is but an expression of man at this age. It reflects his mastery of the material world, and it enables him, by freeing him from burdensome toil, to address himself with more leisure to the things of the spirit. That to my mind, is the real meaning of our machine civilization; it is the forerunner of an age in which we may occupy ourselves more with the things of the spirit, after having conquered the earth.

"But in striving for such mastery, let us not be unmindful of those who may suffer by the exigencies of progress; the martyrs of progress. No human progress has ever yet been accomplished but that some individuals have not suffered by it. The machine may bring unemployment to some for a time. It will, indeed, abolish many existing occupations, as may any new scientific discovery; an invention by necessity always makes something obsolete. Without that, progress cannot be had. Let us remember and adequately care for those whom progress may sweep aside."

SOME observers believe and hope that the crowning achievement of the Hoover administration will be a formula for humanizing prosperity—a technique for stabilizing business and for mitigating prosperity. They look to the Chief Executive for guidance in perpetuating "the road to plenty" and to diffusing its benefits more widely.

In his address, the President has dedicated himself to the abolition of poverty. The enormous productive capacity of American business offers new basis for such high hopes.

IN connection with the feeling of revolt against inadequate financial reports which fail to reveal the whole truth, the Investment Bankers Association of America has set up standards for circulars offering new issues. In setting forth the spec-

FIFTH OF A SERIES OUTLINING THE ESSENTIALS OF A SOUND INVESTMENT POLICY

Government
Municipal
Farm LoanPublic Utility
Real Estate
Industrial

Invest and reinvest funds promptly as received

LITTLE acorns drop from great oaks, take root and in time grow into trees themselves. There is a hint to investors in this. Regular investment of money, and the equally regular reinvestment of the interest, lead to surprising growth of capital. "Money can beget money and its offspring can beget more," wrote the financially wise Benjamin Franklin.

To apply this two-fold principle of fruitful investment, first, invest your funds regularly as you receive them. Money held idle for a "better time to invest" forfeits its assured present earning power for an uncertain future return. In the long run, steady employment of investment funds is by far the best policy. It is the standard practice of insurance companies and other large institutional investors.

Second, invest interest promptly. Slow as it may seem in its early stages, compound interest does work wonders. No amount is too small to aid in the increase of principal. One year's in-

terest on a thousand dollar 5% bond makes a one-tenth payment on a five hundred dollar bond. The interest on two such bonds will buy a hundred dollar bond outright. Smaller amounts may be saved and added to bond interest to increase the sums for investment. Over a period of twenty-five years half the total amount you will have accumulated in this way will be derived from interest alone, at the conservative rate of 5%.

It requires a plan to do this. As the first step in such a plan, select an investment house to counsel with you, to aid you in selecting issues suited to your needs, and to help you in the regular investment and reinvestment of your money. The facilities of Halsey, Stuart & Co. are available to large and small investors alike in the formulation and working out of financial plans of this nature. May we send you our booklet, "Looking Ahead Financially," which tells more fully of the advantages of such a plan, and of our ability to assist in its successful realization.

Ask for booklet NF-59

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Rails—Ships—Roads vie to provide for growing Southern commerce

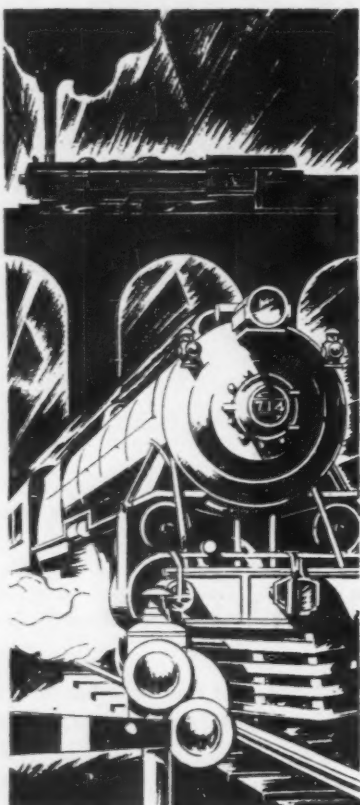
Nowhere in this country, today, are new railroads building, old lines improving, ports developing and good roads constructing as fast as in the South.

This is eloquent testimony of the importance which great corporations, the federal government and states attach to the South's commercial development. Lately the Shipping Board ranked the Southern States first in exports and second in imports, of the five divisions of the country.

But such facts no longer excite surprise. Alert investors recognize the South as the great field of opportunities; they realize that the big market for Southern securities is still ahead.

Caldwell & Company, Southern investment bankers, long have studied the South and sponsored sound Southern securities. "Shares in the South" is a Southern investment trust, the securities of which are suggested to individuals and institutions. Write for details.

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ifications, the Board of Governors expressed the belief that "it is the duty of members to use care that adequate and accurate information in the sale of securities be released in a way that such information cannot be deemed to be misleading."

In the case of industrial securities, the association, which is making a noteworthy experiment in self-government in finance, insists that circulars should contain information on the subjoined points:

1. Description of the industry.
2. Position of company in industry.
3. Description of management.
4. Description of property, including size, capacity or some measure of output.
5. Understandable balance sheet with comments on inventory, working capital and other facts.
6. Earnings by years, not averages, with statement as to depreciation, and dividend record.
7. Accurate title or nomenclature of security.
8. Security for issue—
 - a. Property covered.
 - b. Prior liens.
 - c. Value of equity if possible.
 - d. Restrictions, escrow clauses, and other points.
 - e. Sinking fund, depreciation reserve, and so on.
9. Purpose of issue.
10. In the case of stocks, voting rights should be stated clearly, as well as any other provisions for the protection of the holders.

THIS question of adequate financial statements is bound to become an increasingly important issue, with the widening of ownership of shares in American corporations. Trade associations and stock exchanges have a fine opportunity to render a real service in formulating standards and developing sentiment for better practices.

Individual companies cannot meet the situation alone, for each is somewhat dependent on competitive practices. The trade disadvantage of revealing full details would be largely offset if all competitors did the same.

The problem not only involves the primitive question of padding earnings and assets of promotional companies, but also the more subtle and insidious practice by well established companies of hiding earnings and assets in the guise of conservatism.

Such practices, which make outside stockholders suspicious of published financial statements, make the public susceptible to rumors and tips.

Attempts of congressmen to curb market abuses through restricting speculation deal with symptoms and effects, rather than causes. A radical reform in financial statements, especially of industrial corporations, would go far to place security dealings on a sounder basis. The process

Effective
April 1, 1929



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Henry M. Robinson
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OF THE BOARD

J. F. Sartori
PRESIDENT AND CHAIRMAN
EXECUTIVE COMMITTEE



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JOHN H. MASON, President

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of tucking away valuable items in unseen places puts insiders at a great advantage over outsiders in sizing up the true worth of corporate securities.

THE seeping of the speculative spirit through the investment public has seriously hurt the market for old-fashioned bonds. This has been reflected not only in the recession of outstanding bond prices to the lowest levels in two years, but also in a marked change in the character of new issues.

Prosperous corporations have found it more advantageous of late to issue shares than bonds. Even the stronger railroads, which desired to put out bonds, found it necessary to add speculative features to sweeten the appeal.

Accordingly, the Atchison, Topeka & Santa Fe sold a convertible issue, and the Southern Pacific and the Missouri Pacific offered bonds with stock purchase warrants attached.

These combinations purport to give the investor an opportunity to have his cake and eat it too. They offer the safety of principal of a bond, and the opportunity of appreciation that is ordinarily associated with a stock.

The use of stock purchase warrants has become increasingly popular in recent weeks. In the flotation of investment trusts, numerous promoters and financiers compensate themselves with warrants.

The warrants constitute a call on shares of common stock at a stipulated price—usually substantially above the price level at the time of issuance of the warrants—within a specified period. The lure of warrants for speculators is that they tie up much less capital than ownership of an equivalent number of shares of common stock.

In the case of the nondividend-paying stocks, it is far more expensive with prevailing high interest rates to carry the stocks than the warrants, which are mere options to buy the stocks at a future time. In normal money markets, banks will lend up to 50 per cent to their customers on perpetual warrants.

However, warrants which run for a limited period only are ordinarily not considered good collateral for bank loans, and are therefore usually bought outright by traders.

IN a technical sense, every one has a position toward every security at the market place. If he buys the stock and it declines, he suffers a loss. On the other hand, if after due consideration he abstains from acquiring the stock and it subsequently advances 50 points, he is without the profits he might have made. It is obviously impossible for even the richest individual to buy every security in which he believes.

The warrant is a device for extending the participations of the ordinary individual in common stock speculation. It

insures the holder against the risk of being without stocks which in the future may show spectacular advances.

Warrants are intended for speculation, not investment. Where individual companies fail to make substantial gains in earning power, holders of warrants will of course be disappointed, and find it disadvantageous to exercise the options they have purchased.

WALL Street has talked much recently of higher marginal requirements. Prudent brokers recognize that a percentage of margin which was deemed conservative in 1922 before industrial stock averages had trebled is no longer adequate.

The average individual can safeguard his own interests and cooperate with the central banking authorities by operating much nearer a cash basis than in ordinary times. This is a hazardous time to go heavily in debt to buy securities. The overextended trader usually finds it necessary to let go at or near the bottom during temporary interludes of liquidation.

THE March 26 incident, during which stocks reacted violently and rallied sharply before the end of the day, reveals the wisdom of having buying orders in far in advance. When the outright investor feels that prevailing prices are too high, a good policy is to figure out, in cold blood, prices that would be genuinely attractive, and then to put in buying orders, good until cancelled, at the lower levels.

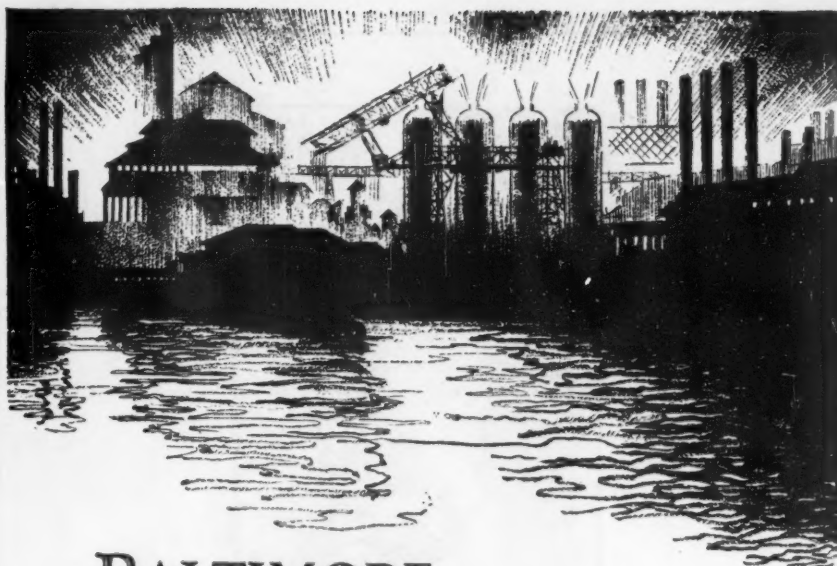
Prudent investors habitually do this, and sometimes have to wait many months for executions. But when a momentary break comes, their orders are in. The ordinary mortal cannot act swiftly enough to place his buying orders at the very moment of the break, and even the nimble at such times are likely to be discouraged by the prevailing pessimism, which inevitably accompanies drastic price declines.

HIGH prices for stocks make it more difficult for corporations to encourage the diffusion of ownership among employees.

The object of employee ownership is to improve industrial relationships, not to encourage small investors to assume speculative risks. The General Electric Company has worked out a program which seems admirably adapted to the present situation.

Some eight years ago, it offered its own stock at the low prices then prevailing to employees.

Meantime, in the market setback of 1921, the stock reacted below the offering level, and numerous employees, who had undertaken to buy the stock on the partial payment plan, cancelled. The stock soon snapped back, however, but other employees were tempted to take a



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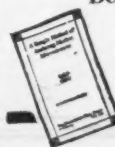
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quick profit. Thus the very fluctuations of the stock tended to defeat the aim of the management to induce the employees to buy a permanent stake in the company.

Accordingly, in 1923, the G. E. Employees Securities Corporation was launched. The company put in 25 per cent of junior, risk absorbing capital, taking back common stock, and the employees were invited to buy six per cent bonds. As long as they remained with the company, two per cent extra would be paid on the bonds.

To remove the speculative element, the company reserves the right to redeem the bonds at par, and the original holders have the right to present the bonds for redemption at any time.

Feeling that even a premier industrial stock like General Electric was too speculative for small investors, the new outfit undertook to create a portfolio of diversified investments, including especially the stocks of the affiliated electrical public utilities about which the executives of the company were especially well informed.

Twenty-five per cent of the original stake was placed in General Electric stock, but marked appreciation of that issue has brought it up to 35 per cent of the present value of the fund.

The men are permitted to buy up to \$500 a year of these bonds on the partial payment plan.

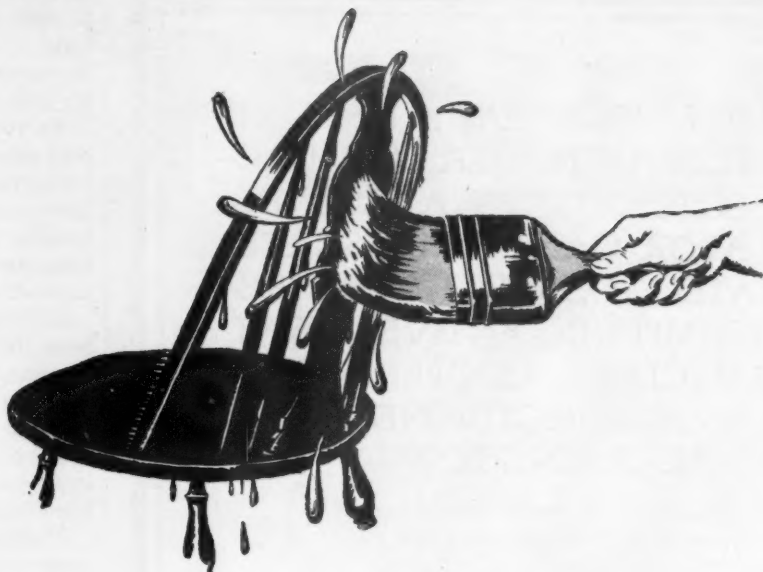
This program is an attempt to conserve for employees the benefits of higher wages, which otherwise might be frittered away in extravagant consumption or in blue sky securities.

Most other companies interested in employee ownership offer their own common or preferred shares. The Standard Oil group in effect eliminates the risk of loss by contributing one-third of the purchase price and having the employees pay only two-thirds.

The Great Atlantic and Pacific Tea Company sells treasury stocks to employees far below the market value. The advantage of the General Electric plan is that it sets up a program of diversification especially adapted to the needs of small employee investors.

ABNORMALLY high carrying charges by brokers make marginal buying of securities relatively unattractive. There are alternate ways of saving out of income which under existing circumstances become relatively more attractive. For example, the Bell Telephone Securities Company will sell to the public stock of the American Telephone & Telegraph Company, the parent company, on the partial payment plan.

The shares which recently sold as high as \$220 will be bought for a down payment of \$10, about one-sixth the prevailing brokerage marginal requirement, and subsequent payments of \$10 a share monthly. Meantime, interest will be credited on each monthly payment at the rate



"Spatter-selling" is what spills the profits

An editorial by

W. C. Dunlap, Vice-President in Charge of Sales,
The American Multigraph Sales Company.

Business is awakening to the fact that "spatter-selling" is too expensive. Viewing markets as largely a matter of geographical division, covering them promiscuously with a high-pressure sales force is like painting fine furniture with a whitewash brush. It is wasteful and ineffective.

Selective selling is the answer. Selective selling recognizes that a business does not have *one* market but *many* markets—separated along lines of industrial segregation, financial strength, and class of service. These markets vary widely in their ability to absorb the product. To sell with economy of time and effort, the most fruitful markets must be selected for most intensive cultivation. Some markets, perhaps, must be rejected altogether.

For the past two years we have been studying and experimenting, and

applying the principles of selective selling to the problems of our own business. We have concentrated our sales promotion effort on preferred prospects. To co-ordinate with this policy we have developed Multigraph equipment which easily adapts itself to any plan of selective sales effort. Here is what has happened:

1. Our total sales volume has climbed to new heights.
2. Our net profit has increased in marked degree.
3. Our salesmen now earn more money.
4. Our collections have improved.

We are not making a trade secret of our methods. We shall be glad to discuss them with any business executive who is interested. If you would like to have further details, address a letter to W. C. Dunlap, 1806 East 40th Street, Cleveland, Ohio.

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The application of a common denominator in the measurement of human power was originated by Chas. E. Bedaux.

Today, this principle is successfully applied under his personal control in industrial plants.

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While the investment trust is recognized as a valuable aid to the individual investor in simplifying his investment problems, the distinct differences in the rights of shareholders or participants in the many investment trusts now in existence or being formed, make necessary a careful analysis before choosing among them.

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of 4 per cent per annum up to the final payment.

An adjustment on account of accrued dividends will be made in connection with the final payment.

An investment banking house, allied with another public utility holding company, will sell its securities to investors on the ten monthly payment plan. Another banking firm will sell on the partial payment plan the bonds which it has underwritten.

Building and loan associations permanently offer plans for instalment saving, and life insurance companies sell annuities on this plan.

These various ways enable the investor to develop the thrift habit, and to make savings a fixed charge on his current income.

Numerous local public utility companies sell preferred shares to customers on the deferred payment plan.

IS there any value in booms? Carl Snyder, statistician of the Federal Reserve Bank of New York, thinks not and explains his reasons.

"The apparent gains of prosperity," he points out, "or at least of booms, are largely illusory, and in so far as they are a reality, have been, in the past at least, too dearly paid for."

"Clearly, true prosperity, that is the general diffusion of comfort and well-being among the largest possible number of the population, is not dependent on inflation and boom. Clearly, we do not need a debasement of the currency of exchange or a frenzied commotion of speculation in stocks to assure this condition of well-being. We have this amply at other times without the attachments of a champagne jug."

"Moreover, there is always a considerable body of our population that barely lives within its income; prudence, economy and self-denial are not universal virtues, and in great numbers of cases even these are of little avail against misfortune and deficient ability."

"In periods of reversal and industrial depression this part of the population pays heavily for the overconfidence or reckless optimism, the high play of our captains of industry and finance. Is the game worth its price?"

"There is another side. There is evidence that these periods of boom and heavy gambling represent a distinct transfer of wealth and income from the many to the few, from the ignorant and imprudent to the pockets of the sagacious, the farsighted and the crafty. Always in such periods there is a vast number of wildcat flotations which bring incredible losses to the unwary."

EDWARD STREETER, author of the war classic, "Dere Mable," is now a dignified officer of the Bankers Trust Company of New York.

What the New Oil Policy Means

(Continued from page 37)

handle the question of permit reviews expeditiously, the Department has drawn up an outline of general procedure, the high lights of which are:

"Representative cases may be recommended for public hearing before the Secretary of the Interior to determine lines of policy. Those in good standing will not be proceeded against as long as their terms are met. Those not involving expenditure of money in development work will be denied by the General Land Office.

"The General Land Office will hold for cancellation, allowing 15 days in which to show cause, all permits on which there is no *prima facie* evidence that money has been spent in development work. The Geological Survey will report to the Secretary the likelihood of oil and gas drainage of government lands in various producing and wildcatting fields where claim of drainage is made."

This examination will stop future operations on permits that have earned no right to continue and, as a corollary, will make a later lease obligatory if oil is discovered.

It does not mean stoppage of leases on Osage Indian lands. By act of March 2, this year, these leases continue at the rate of 25,000 acres annually. Previously the figure was 100,000 acres annually.

By retarding development on public lands, the President has pointed the way to make control of excess oil production only a matter of time. Existing wells will decline in productivity and, without additional drilling and discovery of new fields, the balancing of supply and demand will be comparatively easy.

Already the California oil companies are cooperating with the Government to hold back development of the newly discovered and very rich Kettleman Hills field. This move is probably the most promising item in the new program.

Oil Industry Sees Savings

WE are now producing each year millions of barrels more oil than we consume. At present speed, judging from geological data, it will be all too soon that the nation's oil supply will be exhausted. The present storage of half a billion barrels of crude oil in steel tanks involves an expense that a poorer industry could not carry and the oil industry itself now realizes that it needs to reduce its inventories.

The private industry's reaction to the President's order is already to be seen in recommendations of the American Petroleum Institute's committee on world production and consumption of petroleum and its products. This committee, headed by R. C. Holmes, president of the Texas Oil Company, recommended a return,



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EVERYWHERE makers of kitchen equipment are turning to enduring Toncan.

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For Toncan is a wonderfully durable iron. Its surface gives porcelain enamel a bull dog grip that will not be shaken loose. Chips, flakes, dents are rare exceptions.

The Toncan Iron sheets used by so many makers of kitchen equipment are the same super iron used for exposed parts and piping of buildings, for great culverts, for engine boilers, oven linings, washing machines, water heaters.

Toncan is used for a thousand and one places where men must play safe against the continuous warfare of dampness, rust, heat and corrosion.

No other ferrous metal resists these enemies quite so stubbornly or quite so successfully as Toncan Iron.

That is why its advantages, like its uses, are many, many fold.

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IRON**

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American Appraisals frequently include reports on the value of enterprises in terms of their ability to produce earnings. Bankers find these notable for the breadth of the study, the dispassionate weighing of all evidence.

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AMERICAN APPRAISAL
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A NATIONAL ORGANIZATION

The Extra EDITION

containing addresses, reports
and discussions of the 17th
Annual Meeting will be out

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live at the Atlanta Biltmore, the
South's Supreme Hotel. 600 outside
rooms, smallest 12x20 feet; 4-acre park,
5 minutes from business, theatres,
shops. Golf, tennis, swimming, horse
back for our guests at Atlanta clubs.

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Single	Double
\$4, \$5, \$6.	\$6, \$8, \$10.
30 Rooms at \$3.50.	

Wm. Candler Vice-Pres.

W. C. Royer, V.-P. Mgr.

April 1, to the 1928 production basis, and the Institute's directors adopted that report March 27 in New York.

The total production for 1928 was 902,000,000 barrels, a daily average of 2,450,000 barrels. The daily average in March, 1929, was about 2,645,000 barrels. The proposed action, then, will cut the daily average production nearly 200,000 barrels, but it is claimed without causing any shortage whatever in gasoline.

President Hoover's action with respect to government oil may, by calling attention to the need of conservation, lead to a more rigid program for all resources.

Natural Resources Shrink

OF his once vast domain, Uncle Sam had left in 1928, aside from the national forests, parks and like reserves, only 193,847,240 acres of public land in the states and something more than three and one-half million acres in Alaska. The greater portion of this land in the states lies in the West.

The natural resources of these lands are estimated by the Interior Department to include 30 million acres of coal lands containing more than 200 billion tons of coal; half a million acres of phosphate land that can supply eight billion tons of this essential fertilizer as its needs on American farms is better realized; undetermined acreage of potash deposits; 65 developed oil and gas fields with an annual production of 33 million barrels of oil; and four million acres of oil shale from which possibly 60 billion barrels of oil can be extracted when prices warrant the higher cost.

Further than this the Government has retained the mineral rights to about 19 million acres of land patented under the stock raising law. Specific mineral rights have been retained in 11,750,000 acres.

Broadly the Government's policy in recent years, traced by legislative acts, is to retain the ownership of public oil lands and to permit their development as to resources through permit and lease.

To carry out this policy efficiently, the Geological Survey for 20 years and more has been making an intensive survey of government lands and resources. A great portion of the public lands containing valuable timber have been withdrawn and incorporated in our national forests under the administration of the Forest Service. Other natural resources have been classified under separate heads and given the attention they deserve in the public interest.

The rest of the country needs to count as national assets these resources of the great western states. The sane and safe development of our natural resources constitutes building for the future.

That a halt in oil production means the study of other items in the public estate and the more intense application of conservation of our other natural resources is a foregone conclusion.

Writing Contracts in Clay

THE oldest land contract was probably written in Sumerian in 3000 B.C. The Sumerians were the early inhabitants of Babylonia and the system of private-land tenure was firmly established even at this early period. Buying, selling, and giving of land were regulated by well-established rules.

Contracts were written on wet clay tablets, which were then baked in the sun. Forged "papers" were decidedly uncommon in those days. By 2000 B.C. contracts had become standardized. A written record of the sale of land was required to make the transfer legal. Witnesses had been indispensable in making contracts before the invention of writing and they remained legally necessary after writing came into use. Their signatures always appeared on the legal bricks or clay tablets.

Two copies were made of the deeds. The buyer of the land kept one copy, the other was "filed" in a temple or some other public place.

This system remained unchanged until the kings started helping themselves to land, disregarding the clay tablets, witnesses, and all. The ingenious people then started putting in their deeds awful curses aimed at anyone who might seek to set aside the contracts. Poor men in those days had little power, but they could at least invoke the wrath of the gods, and king and commoner were god-fearing.

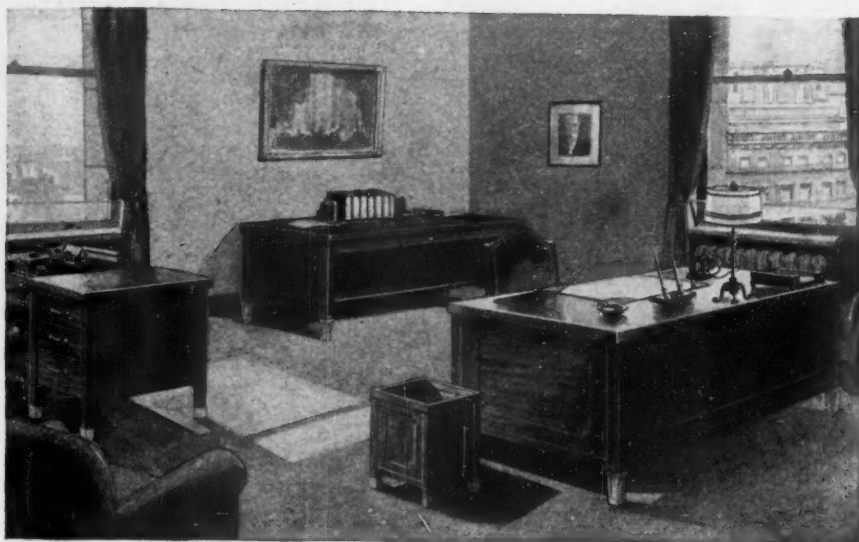
The National Association of Real Estate Boards, commenting on the work of the Assyrian Department of the University of Chicago, calls attention to many other customs in ancient Babylonia that bore similarity to modern customs. Owners of land had to keep up fences or walls on the boundaries. Lessors were usually required to keep buildings in repair. Money could be borrowed by giving a mortgage on property as security.

"Export Day" Pays

ENCOURAGED by the success of "International Day" in the automobile shows of the National Automobile Chamber of Commerce, other organizations are adopting an "Export Day" as a feature of their expositions.

On this day particular attention is given to foreign visitors and those engaged in foreign trade.

The efficacy of an "Export Day" lies in the fact that it permits exhibitors to confine foreign-trade features of their exhibits to a single day, when foreign visitors and others interested will be especially invited to attend.



Your half-time LIVING ROOM

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YOU split your waking time between two living-rooms... home and office. Should one be drab and bleak... the other bright and livable? Not for today's business man. He realizes that good office surroundings inspire better work. And he finds them in Art Metal.

Here is furniture fit for kings of modern business. Here are office instruments of keen efficiency, yet wrought in steel with beauty that endures.

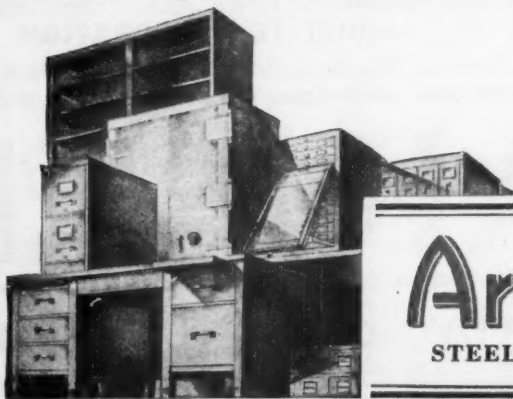
Whatever your needs, Art Metal can fill them. Desks for executive or staff; files for every possible requirement; fire-safes of permanent, pre-tested protection; shelving; any office piece... designed by engineers with forty-one years' experience... executed by master craftsmen, and reasonably priced. Best of all, the first cost is last, since steel does not splinter, break or warp.

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Write for beautiful color booklet of office interiors... Free

"Equipping the Modern Office" is illustrated with paintings by Mr. Lurelle Van Arsdale Guild, widely known New York decorator. They suggest a few of the pleasing offices which may be achieved with Art Metal. We shall be glad to send you a copy along with any of the catalogs listed below. Just write, checking the ones you wish. The Art Metal Construction Company, Jamestown, New York.

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- ☐ Desks
- ☐ Shelving
- ☐ Horizontal Sectional Files
- ☐ Plan Files
- ☐ Fire Safes
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- ☐ Postindex Visible Files

Art Metal
STEEL OFFICE EQUIPMENT

When writing to THE ART METAL CONSTRUCTION COMPANY please mention Nation's Business



Interior view of Pullman Coach showing window sill of black Bakelite Laminated

Luxurious new Pullman Coaches improved by Bakelite Laminated

OF the many striking new features in these modern Pullman Coaches, probably none will prove more popular than the greatly improved window and sill construction, which prevents sticking and assures the easy opening and closing of the windows in all kinds of weather.

There is no wood or metal frame to the plate glass, which operates in felt runways. The sill is of lustrous black Bakelite Laminated, instead of the usual wood, and will not swell in damp weather, nor shrink when it is dry and hot. This material retains its original color and finish through years of hard service and exposure. It is unharmed by water and may be washed clean like china or glass.

These coaches are models of beauty as well as of comfort. The interior finish is in several shades of brown, tan and cream, with panel striping in blue and rose. Against this background of soft colors, the polished Bakelite Laminated sills, running the full length of the coach, add a strong note of contrasting color that is very effective.

For many years Bakelite Laminated has been put to innumerable mechanical and electrical uses. Now that it is available in a variety of colors, and in reproductions of different woods and marbles, its decorative value has opened up many other fields of service. In the furniture industry, for example, it has already found a permanent place.

{ The Bakelite Laminated Material used for this installation was sold under the trade name "Formica" by the Formica Insulation Company of Cincinnati, Ohio. Write for Booklet 42-L, "Bakelite Laminated" }

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UNDERWOOD & UNDERWOOD

A single clerk attends to the wants of such customers as may enter

Uncle Sam's a Big Printer, But—

He needs to revise his methods of distributing government pamphlets

By ROY LEE SWIFT

THE world's greatest publisher spends \$100,000,000 annually for research and fact gathering. The results of these activities he sums up in his publications, the annual printing bill for which totals more than \$10,000,000.

Yet, despite all the money and care that goes into the compiling of the thousands of publications that flow from his presses, he spends little or nothing for general advertising to the end that the publications may be effectively and efficiently distributed.

How can he continue to operate on such a basis? Why doesn't he reform his business practices? You are asking some highly pertinent questions—pertinent to you, especially, for you are a stockholder in this particular business.

The publisher is none other than our own Uncle Sam, and neither as stockholder nor as one of the customers of this business are you getting the maximum benefit from the enterprise. Your taxes



UNDERWOOD & UNDERWOOD

Uncle Sam, the world's greatest publisher, does his retailing in this small, dingy basement storeroom

that go to make up the \$100,000,000 for research are not returning you their proper due, largely because full opportunity for return of the information to you is lacking. On the other hand you are, through the good offices of your congressman, getting a lot of printing you do not want and have no need for.

If you are a Manhattan dweller and

have become the proud possessor of a book on "The Diseases of Cattle," or if you are a farmer who has been blessed with copies of the "Weekly Bulletin to Navigators," you are aware of the exceptional efficiency with which government publications reach their proper users. Hundreds of such items have been returned accompanied by letters of protest from conscientious citizens; thousands have been cast silently into the waste-paper bins.

Sole dependence for the proper distribution of this \$110,000,000 product is placed upon good-will publicity through the newspapers and a few other types of

publications, incompetent circulars, and antiquated-looking stock lists. Book stores cannot retail government publications at a profit. Though selling the publications instead of giving them away is a fixed policy, the Superintendent of Documents, working in obscurity, does well to dispose of ten per cent of the output at a price, despite the fact that he offers his wares at

cost. The greater part of the printed matter is given away by congressmen and the government departments, frequently with the discretion of a bill poster who is paid according to the number of posters he can paste up.

But the situation is curable. *Let the Government pay for the research and the user pay for its publication.* That's a fair split.

A simple platform of legislative and administrative action would start the cure. It would read something like this:

"Advertise and sell government publications at a price sufficient to support intelligent selling. Allow profitable resale under safeguards. Try to reach the interested public and no one else."

Congressmen could both run and stand still on that plank. They could run like couriers of old, bearing aloft the torch of enlightenment and education. They could stand pat at the same time on the economy such a plan would promote.

An Example of Trouble

CONSIDER the case of yourself as a visitor to Washington. You call at the bureau which has been gathering facts in the field of your business. After a pleasant interview with a technical expert you are assured that one of their bulletins is just what you need—has all the figures and formulas. It is No. 999, "How to Prevent Fireflies from Biting Dark Horses." It costs only ten cents.

You are immensely pleased and bring out the dime. Ah no, the expert regrets. They are not authorized by law to sell the results of their work. As a general rule he will give you a copy. If he has none he assures you it may be had at the Government Printing Office, which is only two miles away.

Probably you decide to let the matter rest until later. If you do go to the Printing Office you discover that it is on a side street down by the railroad yards—proper enough for a factory, but the last logical place for retailing. You are wrong when you enter the main building; you should have gone to that building just beyond, and down the cellar steps. In a small, dingy, basement room, Uncle Sam, the world's greatest publisher, does his retailing. You must order your wants by number from a catalog, and wait 15 minutes to an hour for them to be delivered from the stock shelves (a new addition now being built eventually will provide better quarters and service). A single clerk attends to the wants of such customers as may enter. Most of the selling is done by mail. You simply send in your order and get an

answer, if you are lucky, in a week, or at any rate in a month.

Congress tends to regard any additional volume as dead weight because receipts cover only a small part of the cost of running the Documents office. It is the only known selling institution where the staff and facilities cannot be expanded to cope with growth of sales. The Post Office Department is permitted to hire additional help for peak loads; and its gross receipts are taken into consideration when fixing appropriations. Not so the office of the Superintendent of Documents.

Mark the contrast with the retail store maintained by "His Majesty's Stationery Office" on Kingsway, London. It compares favorably with any stationery store or book shop. It is manned by courteous, well posted clerks. The important pieces are laid out for the visitor to read. Prices cover a reasonable cost of publication and distribution. Such a book shop, conveniently located in the hotel district of Washington, would be welcomed by many citizens. There is, to be sure, a handicap in stocking innumerable titles seldom called for in a high rent district.

The Department of Commerce is the only department where a visitor can buy his publications in the building before he leaves. This practice has been recommended by the Bureau of Efficiency to all other departments but nothing has hap-

pened. The sale of publications yields no money with which to start.

Now, consider the case of yourself as a business man in, say Terre Haute, Ind. How will you learn what help the Government can offer you in the way of solving your particular problem? Only through the three ways already mentioned—good-will publicity in the Terre Haute newspapers, direct-mail circulars, or the antiquated-looking stock lists. The radio work of the Department of Agriculture, for which time is donated by the broadcasting chains, might be listed, also. Beyond a few such limited efforts as this the radio is almost unused in telling the taxpayer

how his Government is prepared to help him with his work. This direct-mail advertising, which is the main reliance of technical publishers, is used by the Government with a sort of blind-folded hopefulness. The circulars are often poorly written and circumstances offer no opportunity to test their pulling power before they are sent out. In the Department of Commerce, during six years' use of direct-mail circulars, sales of the Commerce Yearbook have grown from 3,600 to more than 19,000. But this achievement dwindles when it is realized that the reviews and statistical summaries this book contains should be in the hands of every man engaged in manufacturing, distribution, transportation and banking. The sales should be nearer 100,000.

Catalogs Are Hard to Read

AS for the lists of publications that are sent out in such quantities by congressmen, only scholars and clerks of broken spirit could pursue their tedious lengths. Important and unimportant titles are shuffled together in the same small type. Listing of the publications by time or number instead of by subject makes the game of searching out the particular information you desire still more intriguing. The price lists that are gotten out, classified by subjects, are far more useful but

likewise are musty in appearance. So obscure are these "catalogs that nobody knows" that one department of the Government recently sent inquiries and agents to all other government bureaus in an effort to catalog all government publications bearing on textiles. The man in charge of this long and expensive project was totally and blamelessly unaware that such cataloging activities were carried on in another branch of the Government.

But now suppose that you have finally penetrated the fog that cloaks the identity of government publications and have

learned of one that you really want. At present you normally beg it from a bureau or your congressman. The beggars, under present conditions, often receive faster service than the buyers. Congressional mailing rooms have plenty of help.

If the free supply of your particular publication has been exhausted, or if you addressed your letter to the wrong bureau—a mistake easily made—you must then send another business letter (the efficiency experts say each such letter costs you 35 cents) to the Superintendent of Documents in chase of a ten-cent item. Being an urban dweller you would undoubtedly prefer to purchase the publi-



You discover that the Government Printing Office is on a side street down by the railroad yards—a location proper enough for a factory but the last logical place for a retail establishment



"SPARKLING!"

That is the story *this* Photograph tells

FOR Photographs do sparkle! To even prosaic products they lend new beauty and allure. Photographs mingle romance and reality; present your wares exactly as they are; yet with a captivating charm that leads to bigger, quicker sales. Photographs are not discounted as the fanciful dream of an artist. They tell your story as an unprejudiced eye witness.



To have faith in Photography

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Ideal Power Lawn Mowers mean low repair bills, and their great ability for work means that lawns can be trimmed more often for the same labor cost.

Two sizes roller type and 2 sizes wheel type. They cut close up to shrubs, trees, etc., slow down for corners—make a cleaner cutting job from first to last.

Send now for full particulars and prices on these practical power lawn mowers that mean better lawns.

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You Need Not Pay the Price

THE loss of a valued executive is always costly, involving expensive adjustments.

If it is safeguarded by a Business Life Insurance policy, which provides funds to meet post-mortem contingencies, your business need not pay this price.

Whether you are an executive in a large corporation, a partner in a firm, or the sole owner of a business—you will be interested in our booklet, "Business Life Insurance for Executives."

Send for your copy.

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LIFE INSURANCE COMPANY
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197 Clarendon Street Boston, Mass.

Please send booklet, "Business Life Insurance for Executives."

Name

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N.B. —OVER SIXTY-FIVE YEARS IN BUSINESS—

When writing please mention Nation's Business

education in Terre Haute and save the time and trouble of sending to Washington for it. The regional office of the Department of Commerce at Detroit, though limited to selling that Department's own publications and unfavorably located for retailing, has amply demonstrated that the public appreciates the convenience of local buying.

The Superintendent of Documents offers convenient charge service. But this apparently is known to comparatively few persons. Like the publications themselves, the service needs advertising. It is only slightly less convenient—due to the requirement of advance deposits against which orders for particular pamphlets are charged—than the excellent and often-praised service rendered by the British Stationery Office.

As has been said, the ills which now beset distribution of government publications are curable. Local outlets would do much to secure wider and more efficient distribution.

British stationers have proven willing to handle government publications at a reasonable profit. With prices slightly higher than under the present system a similar plan would work in this country. Book stores, news stands, rural post offices, all could qualify in their places as retail outlets for certain items.

If government publications had to prove themselves salable on the open market, the pressure of competition would reveal many of their present shortcomings. No longer could staleness and verbosity survive. Prompt printing would become imperative.

Eliminating the Waste

UNSALEABLE works would come before a discipline committee. The committee would find, perhaps, that poor editing accounted for the publication's lack of sales. In the case of others, the highly restricted appeal of the subject matter might be found responsible. A few unsalable publications might justify their printing through their contribution to pure science.

In 1927, not an unusual year in this respect, 1,750,000 such books and pamphlets which could neither be sold nor given away were destroyed. It is not impossible to conceive of by-product economies running into millions of dollars, even though the main object of better merchandising of the publications is wider service to the public. Why should the Government make what it can't sell?

This better merchandising could be forwarded by utilizing the publications' inside and back covers, frequently blank under the present system, for advertising other publications on related subjects. This plan would entail little added printing cost. Inertia and lack of money to pay for the writing of the copy prevent the plan's adoption.

Similarly the lists of government pub-

lications, the "catalogs that nobody knows," should be well advertised and widely used. That they are not more generally used is undoubtedly due in large measure to the fact that the Printing Office's numerical list of the catalogs is obscure and complex. To make the obtaining of these catalogs from the Printing Office a simpler process than it now is I append a reference list.

FOR EVERYONE

No. 36. Periodicals.

73. Handy reference books.

FOR BUSINESS MEN

No. 62. Commerce and manufactures, also foreign trade statistics and patents.

28. Finance, foreign and domestic.

21. Fisheries.

33. Labor.

37. Tariff and internal revenue.

— Textiles (by Department of Commerce).

25. Transportation and communication.

— Accounting (a special list not numbered).

ON GEOGRAPHY

No. 60. Alaska.

35. Geography and exploration, natural wonders, national parks.

32. Insular possessions, Philippines, Hawaii, Porto Rico, Guam, Samoa, Virgin Islands, Cuba, and Panama Canal.

53. Maps.

69. Pacific states, (California, Oregon, Washington) all types of information.

FOR ENGINEERS AND RESEARCH ORGANIZATIONS

No. 70. Census, Population, Manufactures, Agriculture, Mines.

40. Chemistry.

18. Engineering and surveying.

15. Geology, mineral resources, water supply.

24. Indians, anthropology, antiquities, Indian Office reports.

42. Irrigation, drainage, and water power.

58. Mines.

55. National museum (numerical list of doubtful use).

45. Road construction and maintenance.

64. Standards, weight, measure, materials, light, electricity, radio.

48. Weather, astronomy, and meteorology.

FOR LAWYERS AND ECONOMISTS

No. 10. Laws.

59. Interstate Commerce Commission.

65. Foreign relations, war, espionage, international law.

67. Immigration.

70. Census, population, manufactures, agriculture, mines.

20. Public domain, land laws, decisions, naval oil leases.

24. Indian Office reports.

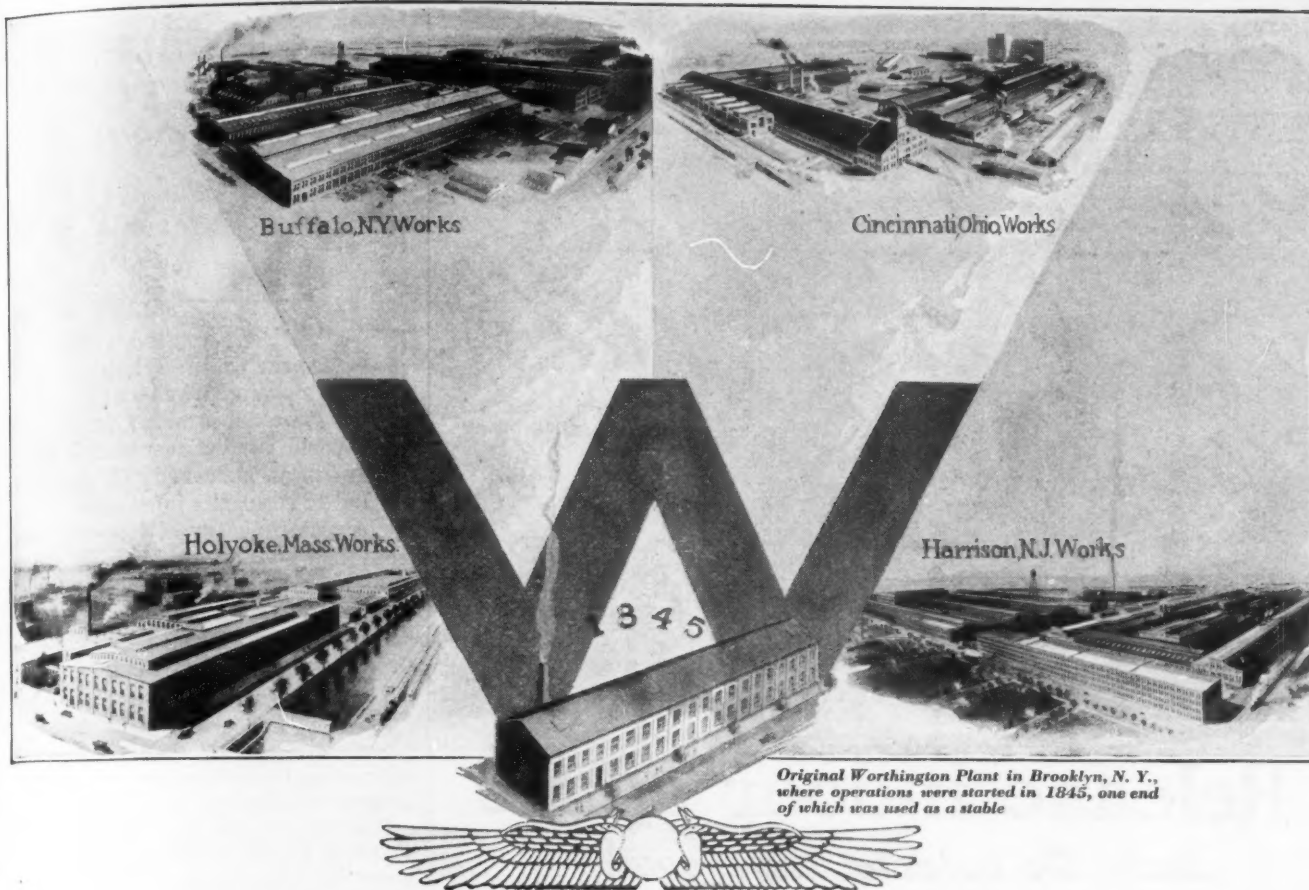
49. Proceedings of Congress, (numerical list, of little use).

54. Political science; Prohibition.

50. American history and biography.

19. Army and Militia, drill books and regulations.

63. Navy, Marines, Coast Guard; drill books and regulations.



The Growth of an Industrial Giant

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COMPRESSORS
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DIESEL and GAS ENGINES
FEEDWATER HEATERS
WATER, OIL and
GASOLINE METERS



Literature on Request

The experience of Worthington engineers on power service installations is a source of information that should be freely used.

IN 1845, a young man named Henry R. Worthington opened a little shop in Brooklyn in which to build his new steam pump. For five years this man, later to be hailed as a genius, had been working on the development of his invention, a radical departure in pumping apparatus.

This invention was the Worthington Direct-acting Pump, destined to revolutionize the art of handling water. It was an immediate success and created a demand that assured the company's advancement.

Other types of pumps and other related products were developed and added to the line. Gradually, engineers of recognized ability were attracted to the organization and a highly skilled manufacturing personnel was built up.

Through 84 years of sound progress, the Worthington organization has kept pace with America's industrial and engineering advances. It has provided equipment for innumerable installations, both domestic and foreign, including many of the world's most notable projects.

Today, with six modern plants . . . four in the United States, one in England and one in France . . . occupying over 2,200,000 sq. ft. of floor space, and staffed by an organization of international experience . . . Worthington is rendering an increasingly effective service to Industry.

WORTHINGTON PUMP AND MACHINERY CORPORATION

Works: Harrison, N. J. Cincinnati, Ohio Buffalo, N. Y. Holyoke, Mass.

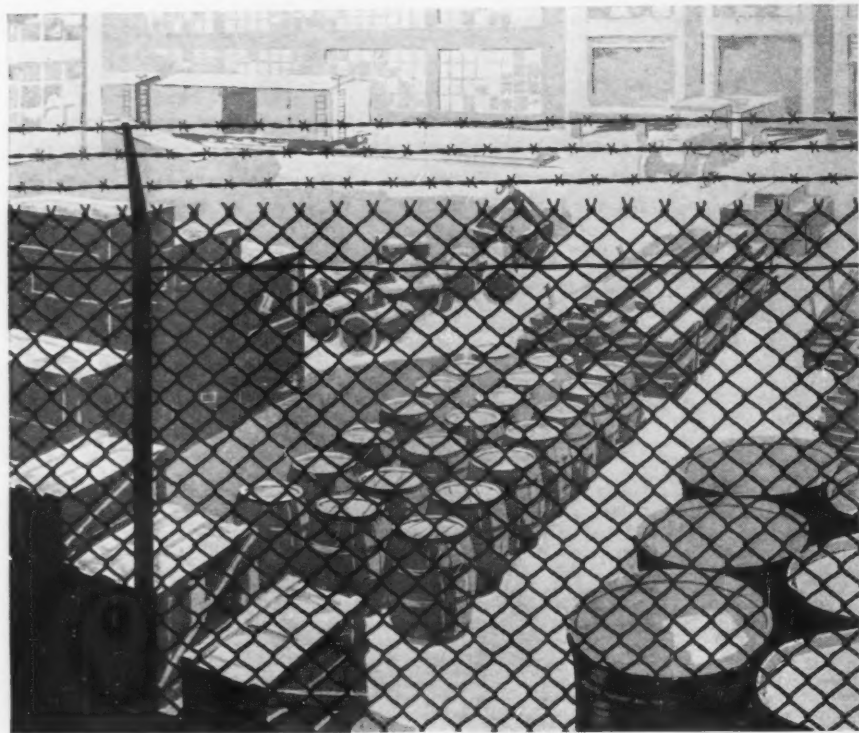
Executive Offices: 2 Park Avenue, New York, N. Y.

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Buffalo	Cleveland	Detroit	Kansas City	New York	St. Louis	San Francisco	Washington

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Release indoor space *make an outdoor storeroom of your idle ground..*

RELEASE indoor space for production. Many materials occupying valuable and much needed floor space indoors can be safely stored in the open . . . if your plant and premises are enclosed by an Anchor Chain Link Fence. This "Guard of Steel" is positive protection against thieves and fire-makers.

At your request an Anchor Fencing Specialist will study the working conditions of your plant, and from his training and experience plan a proper enclosure. Phone the nearest of our 75 Anchor offices. Have the Anchor Fencing Specialist call. You can rely on his advice.

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Representatives in all other principal cities. Consult your local
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Fences

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When writing to ANCHOR POST FENCE COMPANY please mention Nation's Business

THROUGH THE EDITOR'S SPECS



HERE'S a confession. When we printed the article by John Spargo, "Why I am no Longer a Socialist," we did so with a little hesitation. Would our business readers be interested in an individual's philosophy of life and of economics in an article which might seem to many of them far away from their business of making and selling and carrying goods? The answer was "they were."

One reader wants us to follow it up with the other side and writes to us:

John Spargo's article on his renunciation of socialism in your February issue is fine. Liked it so much I just felt I must write and tell you so. I should say the second installment is even better.

Will you permit me to offer a suggestion? Follow it with an article of about the same length by a socialist on "Why I am Still a Socialist."

Of course you are in no way obligated to print a "Reply," neither ethically nor from a journalistic standpoint. But . . . it would show how really big and fair you are . . . and best of all, it would make a most interesting and informative article; as good, perhaps, as Spargo's.

TF. CRITCHLOW of the Critchlow Company of Prospect, Pa., whose letterhead says his business was established in 1860, liked the article by Fred W. Shibley in the March number, and took the trouble to write Mr. Shibley as follows:

The other night after closing our (country) store at 10:00 p. m. I went home and picked up the current issue of NATION'S BUSINESS and after reading your excellent article "It's Easy to Make Business Pay," and finding the shoe to fit so perfectly I cannot help advising you how thoroughly I enjoyed it and trust you will pardon my audacity in so doing.

While I doubt if the magazine is read by many country merchants and the article was no doubt primarily written for big business, yet it contained much that every country merchant should read.

You will notice that our business was established some years ago and was run just as you described. While much is said in regard to the future of the old-time country store I feel that there will always be a demand for it; not so many as formerly, the weeding out has been going on for some time, but if I were to start into a retail business again I would rather risk my chance in the country than any place else.

There were some statements in your article that one might debate but on the whole we enjoyed it.

Neither NATION'S BUSINESS nor Mr.



A Personal Message to American Industry concerning the Shepard Niles Crane and Hoist Corporation

FOR more than 30 years the Shepard Electric Crane and Hoist Co. and the Niles Crane Corporation have enjoyed commanding positions in the industries which they have been serving. Nevertheless, each of these old and successful organizations has been limited in the scope of its service by the types of load handling equipment in which it has specialized.

Shepard design, while ideal for all types and capacities of floor and cage operated hoists, has a limited application for crane trolleys. This has always been recognized by Shepard Engineers and it has been our policy to limit cranes of the Shepard "Balanced Drive" construction to a maximum of 30 tons.

In contrast, the Niles design is practically unlimited in its application for crane trolleys, and it is in the heavier cranes that Niles spur gear drive has been particularly successful. Loads up to 450 tons can readily be handled.

The Sprague design, utilizing the worm gear drive, was developed by the General Electric Co. and purchased by us a few years ago. While enjoying a wide acceptance because of its simplicity and sturdy construction, hoists of this design are not built in greater capacities than 6 tons.

In recognition of the advantages which Industry would derive through having one source of supply for traveling cranes and electric hoists of all types and capacities, the Shepard Niles Crane and Hoist Corporation was formed. The designs and engineering features which have been typical of Shepard, Niles and Sprague machines will be continued as standard for the products of each of these Divisions.

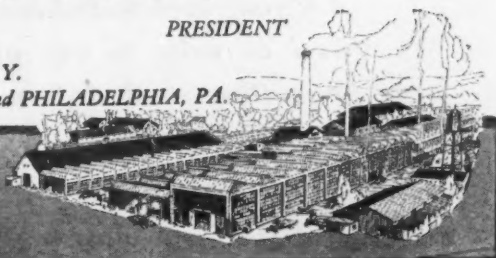
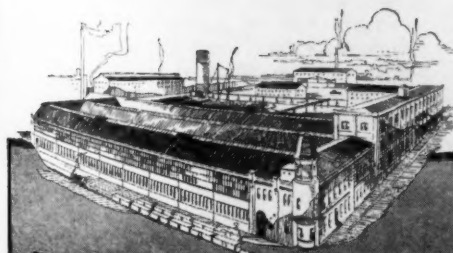
Independent engineering staffs will be responsible for the continued excellence of the design and construction of each division's products. Niles Cranes will continue to be manufactured in Philadelphia, Shepard Cranes and Hoists in Montour Falls, where Sprague Hoists also are built.

The engineering skill and experience of the three divisions will cooperate to give industry the benefit of their combined knowledge. Planned load-handling, at its best for every branch of industry—that is the object of the Shepard Niles Crane and Hoist Corporation.

John D. Hatch

PRESIDENT

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Shibley's article is written "primarily for big business." NATION'S BUSINESS is written for all business, both big and little.

OUT in Cincinnati Charles Reedy of the Reedy Elevator Manufacturing Company, read President Hoover's "American Individualism," and wrote:

His suggestion, "That the only road to further advancement is by greater invention, great elimination of waste," hits the nail on the head.

As an example of his theory put into practice, statistics show that the 22,000,000 automobilists in the United States pay \$9,360,000,000 to own and operate their automobiles annually. This is an average weekly expenditure of \$180,000,000.

Government statistics and fleet owners' records show that 69 per cent of this vast sum is spent for depreciation, maintenance, gasoline and oil. These four items cost the automobilists of this country \$124,000,000 per week.

Because this only figures about \$5.64 per car the American public snaps its fingers.

But Mr. Hoover is looking at it from 124,000,000 times 52, or from a \$6,448,999,000 viewpoint.

He figures that if this enormous cost could be reduced 10 per cent it would mean a \$644,800,000 saving per year to the people who have placed their trust in him for the next four years.

His idea of economy is through the ingenuity of the engineer which unfortunately is lamentably lacking in the automobile industry as is evidenced in the fact, that unlike the Europeans, we are designing cars whose depreciation, maintenance, gasoline and oil each year increase, while these same items across the water (notwithstanding what they say to the contrary) are being reduced to the advantage of the people as a whole.

THE article in January by Professor Boyle of Cornell called "Cooperatives and Common Sense," brought down on us praise and blame. Ernest R. Downie, general manager of the Kansas Cooperative Wheat Marketing Association, writes:

From the standpoint of those who are interested in defeating commodity cooperative organizations, it (the article) leaves nothing to be desired. From the standpoint of farmers who have labored diligently during the past few years to establish a sensible and up-to-date method of marketing their products, it is unfair, and misleading.

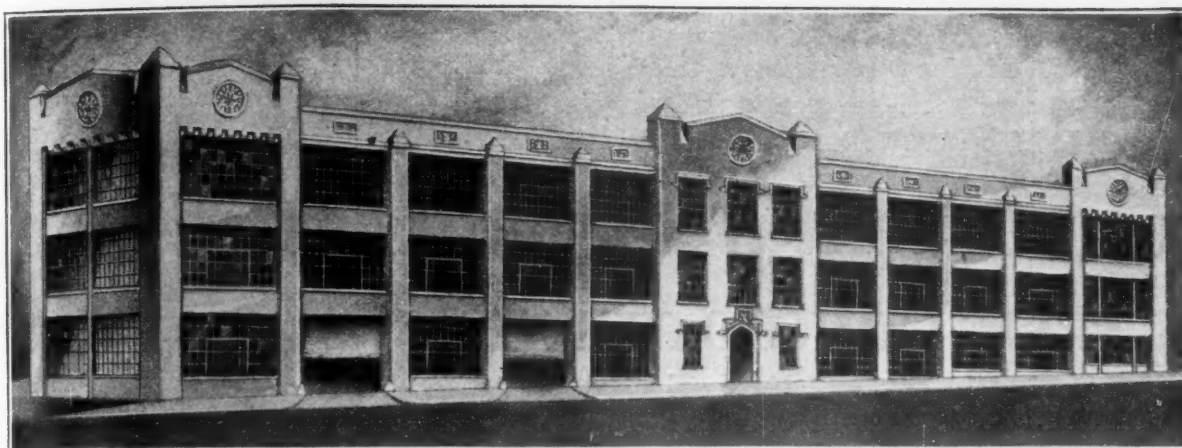
Professor Boyle is known to us as an avowed enemy of commodity cooperative marketing and he has labored diligently along this line for six or seven years.

Most of us who are connected with commodity cooperatives in the Middle West are familiar with agriculture through actual experience and we know something of the work done by commodity cooperatives in this and other countries. Our writings have no literary polish, but they have the virtue of being easily understood.

We refuse to dignify his tirade by a complete refutation of all of its statements but will mention one or two.

Professor Boyle states that one large commodity cooperative in the United States guaranteed its members cost of production and then tells what a failure this organiza-

Another Nationally-known Company selects OAKLAND, California



Western Home of United Motors Service

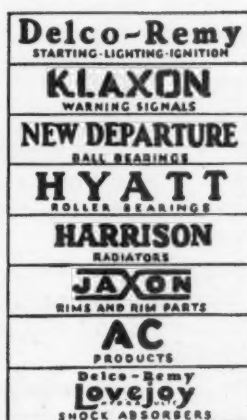
Reproduced from Architect's Drawing

UNITED MOTORS SERVICE building Western warehouse

IN order to gain better distribution and give better service to the automotive markets of the eleven western states, United Motors Service Incorporated, the National Field Service Organization for Delco-Remy starting, lighting and ignition systems, Klaxon horns, New Departure and Hyatt bearings, Harrison radiators, Jaxon rims, parts and wheels, AC Products and Lovejoy Shock Absorbers, is building a warehouse and branch in Oakland, California. For several years the Chevrolet Motor Company have maintained a large assembly plant in Oakland. This has been followed by other concerns so that today Oakland has

Chevrolet Motor Company
Fisher Body (2 plants)
Oakland Motor Car Company
United Motors Service Incorporated

among its automotive industries. In making its selection of Oakland as Pacific Coast headquarters, United Motors Service states that after several months' study of the situation:



"In selecting Oakland for a warehouse and branch, distribution costs were a deciding factor. Our investigation showed we could give better service and cover a larger share of the markets of the eleven western states at a lower cost than from any other Pacific Coast point. Oakland has every natural advantage to make it the automotive center of the West."

Many other lines of industry have found Oakland the logical point for their western operations. If you wish to more intensively cover the western territory or reach the export markets across the Pacific Ocean—then you also should investigate what Oakland has to offer you.

1111

Send for "We Selected Oakland," containing the personally-written statements of many of the nationally-known industries operating in the Oakland Industrial Area. Mailed free on request. Concerns planning upon a western branch are cordially invited to send for a detailed industrial survey on their particular line of business. No cost or obligation will be incurred and all correspondence will be held strictly confidential.

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Just as an indication of the potentialities of Oriental markets the following figures, for the port of San Francisco alone, show the increase in the exportation of certain food.

During the period 1923 to 1928 exports of fresh fruit more than doubled while the volume of vegetables nearly trebled.

Shipments of grapes increased 900%, apples 166%, onions 180% and potatoes 125%.

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tion has been. Very few, if any, of the commodity cooperatives of this country have ever guaranteed cost of production plus a profit to their members, but many of them have accomplished that.

Furthermore, I doubt whether the attempt to get cost of production plus a profit would be considered as an unsound principle for any industry. I am inclined to think it would be considered as a sane, sound and entirely worthy ambition for any business organization.

Professor Boyle fails to call attention to any of the numerous failures of dealers which have caused enormous losses to farmers of the Middle West particularly during the past few years. Only a short time ago a grain company operating a local elevator in Kansas failed. At the time of its failure it owed 200 farmers for wheat they had delivered during the season on a storage agreement and most of these farmers lost their entire wheat crop.

If Professor Boyle is so much interested in promoting proper methods of marketing and protecting farmers from loss, he would do well to investigate this and many other similar failures in the Middle West in the past few years.

I want to say in conclusion that I have had a high regard for NATION'S BUSINESS as a magazine and I know that you do not understand our side of this question at all, but we resent such unfair propaganda concerning our business, and we have no apologies to make for taking this position.

FROM Nebraska, Fred Kockrow is no less bitter against Professor Boyle. He writes:

I absolutely know that Professor Boyle worked hand in hand with the old-line grain trade to destroy the Wheat Growers Associations.

Professor Boyle may be a professor of rural economics, but I am telling you that he has done more to destroy farm organizations, than he ever did them good, and the sooner he is removed from a position along this line the better for the good of farm organizations, as I am sure that as long as he writes articles along the lines above suggested, he will be a menace to the farm organization movement.

ANOTHER Nebraskan, J. W. Brinton, organization director of the "Nebraska Wheat Pool Campaign," says:

When the Farm Board Bill is passed next month, I hope to see in your publication an extended article on the development of the cooperatives, under Mr. Hoover's administration and national legislation, by an authority on cooperative marketing and by one who has been an advocate and friend of the movement so that a better understanding may be had by the business people of America of this development.

We are just completing in this region the organization of the largest grain cooperative that has ever been perfected in this country. It is being organized, and was launched, with the full understanding and conviction that the Coolidge-Jardine or Hoover program of legislation would be enacted by the Federal Government.

In spite of the delay, caused by the political McNary-Haugen fight, our organization has made substantial progress and now that the national program is assured, our asso-

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NATION'S BUSINESS • Washington, D. C.

ciation will handle, this year, the largest volume of grain any cooperative organization has ever controlled in this country.

The organization is being built on a foundation of large bankers, farmers and business people who own land. To put the organization over, these men organized a finance company to finance the project through loans to be repaid after the organization is put into operation. Among the subscribers to the project, as stockholders in the finance company, are prominent officials in such institutions as the McKelvie Publishing Company, Federal Trust Company, First Trust Company, Bankers Life of Nebraska, of Lincoln; Nebraska Power Company, Nebraska Standard Oil Company, Standard Bridge Company, Western Bridge Company, Stockyards National Bank, Omaha Bee-News, Brandeis Store, of Omaha, International Harvester Company, Epply Hotels Company, and others interested in the farmers' welfare.

CE. HUFF, president of the Farmers' Educational and Cooperative Union, takes a kindlier view in a letter to NATION'S BUSINESS. He says:

It would seem to me that Mr. Boyle has given this subject considerable and intensive study and knows what he is talking about. There are many sound facts and much sensible reasoning in his article.

He encloses also the editorial page of the *Kansas Union Farmer*, which after briefing Professor Boyle's article goes on editorially to say:

Probably more foolish things will be offered in legislation during the next few months than ever before in relation to agriculture. Kansas is proposing to establish a Bureau of Markets, such a bill having been introduced last week. To me the bill seems wholly unnecessary and many of its provisions unwise and even stupid.

Some big things are to be done for the farmer through cooperatives. But the only cooperative worth a tinker's expletive to the farmer is one which he has built himself and which he controls. The farmer can be aided in the marketing processes of his own agencies, but he will only be hurt by cooperatives built for him from above and from outside, subsidized by state or federal prestige and funds. Common sense will be greatly needed for the coming months, and there will not be too much of it in evidence.

EL. LUTHER, superintendent of the Department of Farmers' Institutes, College of Agriculture of the University of Wisconsin, read the article by Robert Smith on the farm experiments of two Senators, Couzens of Michigan and Glass of Virginia in the February number. He sees in the failure of Mr. Couzens as a farmer and the success of Mr. Couzens as a manufacturer a difficulty in distribution. Here are his pertinent comments on the farm situation:

Poor Senator Couzens! The account of his failure as a farmer as presented in NATION'S BUSINESS for February, 1929, brings the same regret to us who have been trying since 1920 to save agriculture that the repeated failures of real dirt farmer after real dirt farmer has brought to us. Yet in Sena-

for Couzens's case there is, I must confess, a little feeling of humor.

It is pathetic when really credulous men are caught in a sure-to-lose proposition. It is laughable when a man really wise to the business world loses a few of his abundant dollars and then gives up and wonders what it is all about. And it is discouraging when a man comes to the high office of United States Senator after the experience he has had and has no remedy for the trouble of 30,000,000 people other than to vote for a doubtful farm relief bill.

Senator Couzens had in his own hands at one and the same time two producing enterprises, the Ford Motor works and his own 800-acre farm. He ran the business end of these two enterprises by systems as diametrically opposed as are the Antipodes.

In the motor works he produced cars, on his farm he produced milk.

When he got the cars ready he applied a business system which set the price to purchasers of cars and made the rules for and apportioned the earnings to jobbers, agents and dealers. Not an opening was left for any one to get in on the business of the motor works. His success was wonderful and well deserved.

But how about his farming? He bought good land. He equipped it even better than he did his motor works. He "charged off" interest on capital investment and he couldn't make operating expenses. But why?

WHEN he got his milk ready did he apply the same business system for getting his money out of it that he applied to his automobiles? No, he didn't. Dealers who got his milk (I am likening Senator Couzens to Wisconsin dairy farmers):

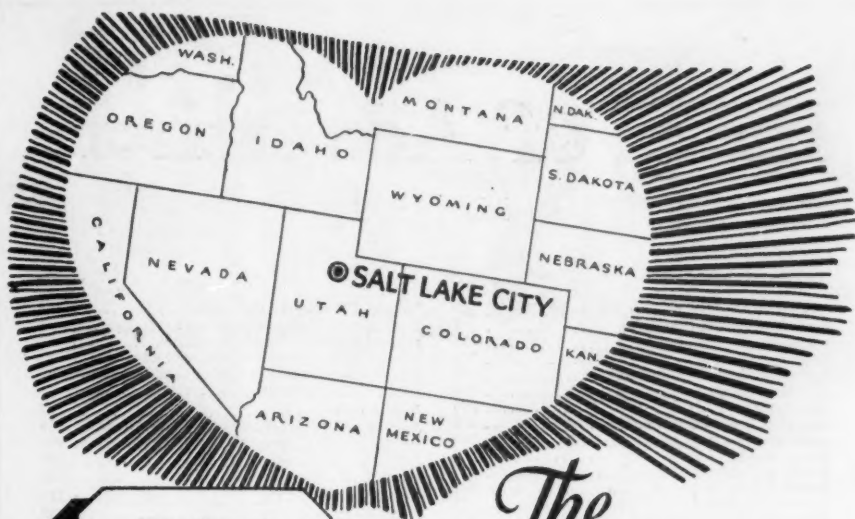
1. Made the rules of the business done,
2. Did the weighing,
3. Did the grading,
4. Did the docking,
5. Set the price on the basis of New York extras, which price is in turn set by New York butter board dealers, and
6. Determined the terms of settlement.

That's the difference. His farm failed him and two educated and practical, real dirt farmers. He plowed it up, seeded it down and became a timothy-hay farmer!

I am going to ask Senator Couzens to try once more. I am going to ask him to go back and assume the two old jobs. I am going to ask him to organize agriculture so that when dealers want milk, the producer of milk will make the rules of doing the business, do the weighing, do the grading, set the price and determine the terms of settlement. I am going to ask him to apply to the business of selling Ford cars the system which now obtains when producers sell wheat, oats, barley, rye, buckwheat, corn, vegetables, fruits, tobacco, cotton, milk, butter, cheese, cattle, hogs and sheep in this great Mississippi Valley, the system which will include a board of automobile dealers in New York City which will set the price of Ford cars every day and will permit dealers in automobiles to make the rules of the business done, do the weighing, do the grading, do the docking, set the price and tell the works when they will pay for the cars.

The Senator will succeed with his farm for a time; anyway until business has mortgaged itself to the point where it begins to ask for McNary-Haugen relief.

M.T.



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THIS is the eleventh of a series of editorials written by leading advertising men on the general subject of "Advertising"



Advertising for All, Not for One

ONE of those encouraging "signs of the times" from the standpoint of business cooperation is the increasing willingness of business men, small merchants as well as large manufacturers, to devote their money to cooperative activities. Especially is this notable when it is a cooperative activity that will benefit the competitor across the street and the man in the same line of business in California equally with the pay of the dollars.

An instance in point is the furniture industry—or rather the "home furnishings" industry, for this particular activity includes the manufacturers and merchants of rugs and carpets and draperies and so on, as well as of furniture proper. The furniture business has been rather dull the last few years. Authorities say the production of bedroom furniture was \$12,800,000 less in 1927 than in 1925, and production of dining room furniture \$1,878,000 less—this in the face of increases both in population and per capita income. The causes probably varied—more people living in apartments, for one thing; people more interested in automobiles and radios and other things than in the furnishing of their homes, for another, perhaps.

So the makers and merchandisers of all the things that go into the furnishings of the American home are banding together, getting together four or five million of their dollars to advertise the idea of furnishings. Smith & Co., furniture merchants, give their share not to advertise directly the business of Smith & Co., but simply the economic idea on which their business, and the business of the man across the street and of the man in California, is based.

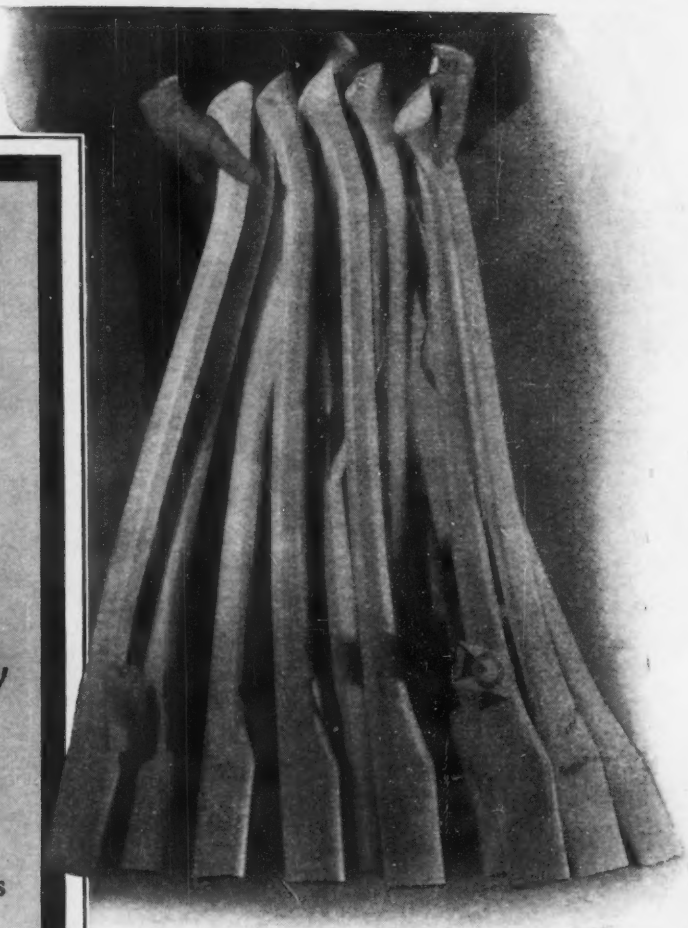
That shows as perhaps nothing else could the growth of the belief in cooperative methods, in the minds of American business men. Cooperation to get higher tariffs or lower freight rates, yes. But cooperation to build an idea—that is a distinct step forward.

FRED MILLIS, President,
Millis Advertising Company

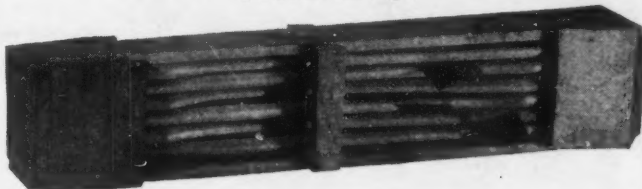
BAGS

a better and
cheaper
container
for an amazing variety
of products

Let us send an expert to study
your packaging methods and costs



Even axe handles—formerly packed in expensive crates by expensive labor—are now shipped in inexpensive cloth bags, especially designed in our laboratory. The saving in material, labor, handling, storage and freight costs is amazing. This is a typical example of what is now being done with bags



NO matter what *your* product, cloth bags might be a better and cheaper container. You can find out easily—without cost to you.

The Textile Bag Manufacturers Association now offers a free packaging analysis service. This service provides a corps of trained packaging engineers with a completely equipped research and testing laboratory. Without any charge or obligation they will analyze your packing methods and show you whether standard or especially designed bags will save you money.

One of our engineers will visit your plant if necessary. He will make a study of your material and labor costs. Comparative tests will be made between

your present containers and bags. If ordinary bags are not adaptable to your product, our laboratory staff will endeavor to develop new shapes, types or designs. A report will be submitted to you in writing.

The Textile Bag Manufacturers Association has nothing to sell you but an *idea*—and that only if our investigation proves to your satisfaction that it is *sound*. You can use this packaging service with the assurance that its work will be thorough and impartial.

Do not conclude that the nature of your product bars you from the economy of textile bags. Do not allow habit to stand in the way of savings. Let a survey determine the facts.

A note on your business letterhead will start it.



TEXTILE BAG

MANUFACTURERS ASSOCIATION



205 W. WACKER DRIVE

CHICAGO, ILLINOIS

When writing to TEXTILE BAG MANUFACTURERS ASSOCIATION please mention Nation's Business

Any Path is a Right-of-Way for a P & H CRAWLER CRANE



One of four P & H Corduroy Cranes (gasoline-motored) handling stacks of frames at the plant of a large automobile frame manufacturer. The boom and handling attachment are specially designed for this particular service.

THERE is an increasing preference for gasoline or electric-driven Corduroy (Crawling Traction) Cranes in industrial plants.

P & H Corduroy Cranes do much of the work formerly done by locomotive cranes and in addition provide handling service in parts of the yard where locomotive cranes cannot go. P & H Cranes operate at the side of railroad cars and can move around regardless of car congestion or lack of switching facilities. They are quickly converted into Shovel or Dragline and are valuable aids in plant construction work.

Among the progressive companies using P & H Corduroy Cranes are:

Allis Chalmers Mfg. Co.	C. M. St. P. & P. R. R. Co.
American Smelting & Refining Co.	Ford Motor Co.
American Steel & Wire Co.	International Motor Co.
American Brass Co.	Otis Elevator Co.
American Manganese Steel Co.	Pacific Gas & Electric Co.
American Radiator Co.	A. O. Smith Corporation
Bettendorf Co.	Standard Oil Company
Canadian Pacific R. R. Co.	Standard Sanitary Mfg. Co.
	Weyerhaeuser Timber Co.
	and many others.

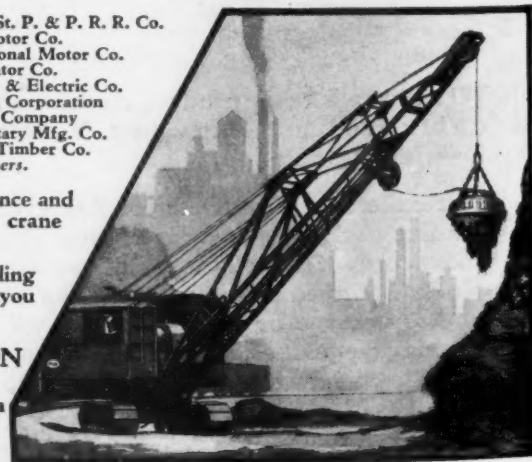
Back of the P & H is 45 years of experience and the undivided responsibility of the largest crane building concern in the world.

Let a P & H Engineer make a material handling survey of your yard. He may be able to show you the way to substantial savings.

HARNISCHFEGER CORPORATION

Established in 1884

3830 National Ave. Milwaukee, Wisconsin
Offices and Agents in All Principal Cities



The P & H Crane with crawling traction is not confined to tracks and can be moved wherever needed. P & H Cranes equipped with magnets are handling pig and scrap at 1/10 the cost of hand labor.

P & H Cranes



The Largest Crane Building Concern in the World

When writing to HARNISCHFEGER CORPORATION please mention Nation's Business

PERIODICAL ROOM
GENERAL LIBRARY
UNIV. OF MICH.

MAY 23 1929

NATION'S BUSINESS

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

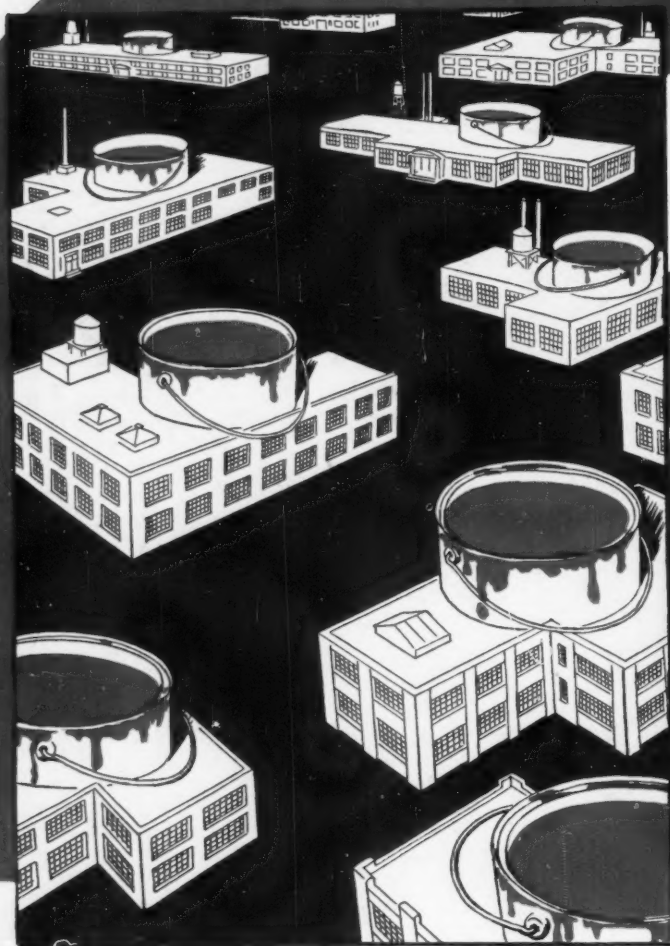
**EXTRA
EDITION**



MAY · 25 · 1929

THIS ISSUE MORE THAN 350,000 CIRCULATION

K I L L F I R E W H I L E I T I S Y O U N G



Guarding 3 out of 4 plants • • *against fire*

Save the Surface and You Save All! To cover the "surfaces" of the world, the tremendous output of the Paint and Varnish industry must flow in a never-ceasing stream! The invasion of Fire—the great interrupter—must be guarded against!

719 plants—more than three out of every four plants in this great industry—are safeguarded against fire by American-LaFrance and Foamite Protection. 719 plants know that "correct protection" is more than "a few extinguishers to reduce fire insurance premiums"—and that only the *complete* American-LaFrance and

Foamite service builds a safe barrier against fire.

American-LaFrance and Foamite Engineers will analyze your fire hazards and recommend and install *complete protection against fire*. They will instruct your employees on the use of fire-fighting devices. And, if you wish, they will inspect and assure proper maintenance of these devices.

Products of this company include every recognized type of fire-fighting equipment, from one-quart extinguishers to motor fire apparatus. Some form of this

protection will surely safeguard your business from fire. Without obligation one of our engineers will survey your plant and submit recommendations for complete protection.

A series of booklets on fires and their control will be sent on request. American-LaFrance and Foamite Corporation, Engineers and Manufacturers, Dept. D55, Elmira, New York.

American-LaFrance and Foamite Corp.
Dept. D55, Elmira, N. Y.

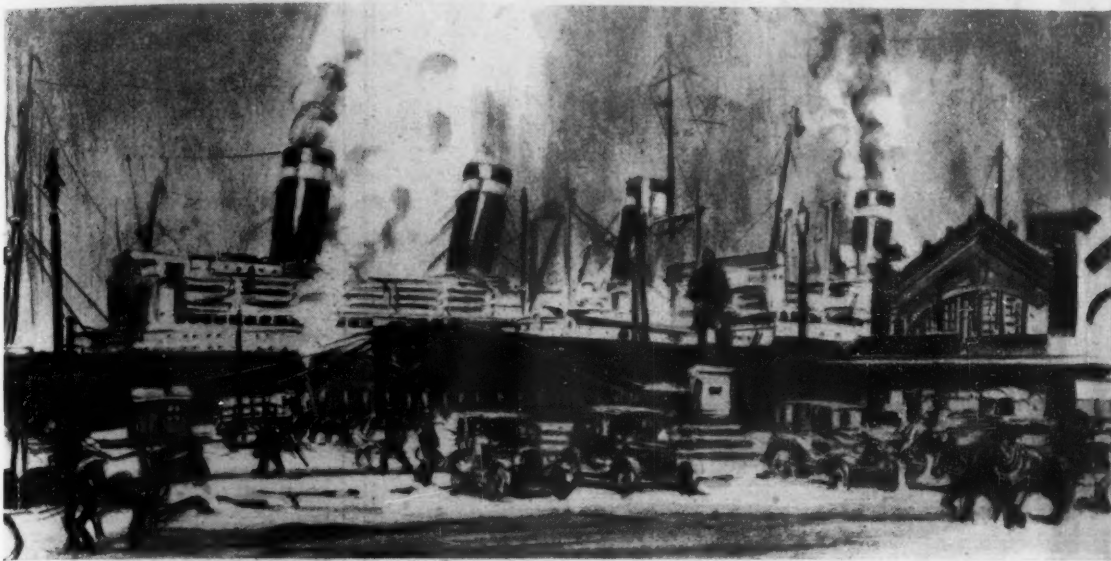
- ☐ Please send your booklets on Correct Protection Against Fire.
☐ Have a Fire Protection Engineer call.

Name
Company
Street Address
Town or City State

AMERICAN-LAFRANCE AND FOAMITE PROTECTION
A Complete Engineering Service
For Extinguishing Fires

NATION'S BUSINESS ★ EXTRA EDITION

Published at Washington by the Chamber of Commerce of the United States



An Ambassador of American Business—A Lithograph by J. W. Golinkin

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MERLE THORPE, Editor and Publisher

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As the official magazine of the National Chamber this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00. General Office—Washington, D. C.

Please notify us promptly of change of address.



Meeting the Growing Needs of Business

TO KEEP PACE with the rapid expansion of industry, business requires ever greater and more comprehensive banking facilities.

These larger requirements are adequately met by the Irving Trust Company. The following comments recently were received by our Out-of-Town Office:

"The service you are giving us is very complete and satisfactory. It leaves nothing to be desired."

"The handling of our account with you is and always has been entirely satisfactory."

The Out-of-Town Office, a complete banking unit devoted solely to serving customers outside of New York City, assures prompt and careful attention to details of service and the intelligent handling of transactions.

IRVING TRUST COMPANY

Out-of-Town Office—Woolworth Building

New York

When writing to IRVING TRUST COMPANY please mention Nation's Business

The Why of the Extra Edition

EVERY year the editors of NATION'S BUSINESS declare an extra dividend in the form of a special edition in which is reflected some part of the spirit, the accomplishment and the bigness of the Annual Meeting of the Chamber of Commerce of the United States.

It is perhaps not a very tangible dividend, but, although its worth cannot be estimated by accountants, it should not be regarded as valueless.

This, the eighth of the line, is not a photographic reproduction of the Seventeenth Annual Meeting. It is not a text book of economics. It is not a business man's guide to larger profits. None of its 350,000 readers can open it and turn to advice on how to solve his individual problems.

It is merely an expression of the opinions and observations of 2,500 business leaders who gathered at this congress of business to pool their experiences and knowledge for the common good of each other and of humanity.

In it are recorded the trends of modern business as brought out by address and discussion at the Annual Meeting. Sometimes these trends are interpreted, frequently they are not, but always there is an invitation for the individual to study them and draw his own conclusions.

It is this invitation to thought that makes the Extra Edition—the thirteenth annual number of a monthly magazine—worthy to take its place among the other 12 larger numbers. On that is based its claim for importance, its justification for being.

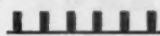
Thus, though this dividend from NATION'S BUSINESS has no negotiable value, though it represents no immediate return in dollar and cents, it is a dividend of great importance because it adds to that greatest of all assets of business man—stimulation.



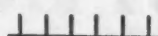
TENDER SKIN
HEAVY BEARD



TENDER SKIN
MEDIUM BEARD



TENDER SKIN
LIGHT BEARD



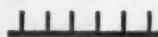
MEDIUM SKIN
HEAVY BEARD



MEDIUM SKIN
MEDIUM BEARD



MEDIUM SKIN
LIGHT BEARD



TOUGH SKIN
HEAVY BEARD



TOUGH SKIN
MEDIUM BEARD



TOUGH SKIN
LIGHT BEARD



Name your beard, Gentlemen

BEARDS are past reforming. Blue and bristly or blond and silken, they're all hard to shave—at least you can't tell their owners otherwise.

We don't try to.

It's easier to put the burden on the blade; to use the best and most expensive steel and to spend, as we have, some \$12,000,000 in the past ten years to develop precise and delicate machines that hone and strop that fine steel far beyond the limits of human craftsmanship. It's easier to pay a bonus to workers for every blade they

reject which does not come up to the high Gillette standard.

True, it makes some difference whether your beard is heavy or silken, your skin sensitive or

tough; whether the water is hot or cold, hard or soft; whether you slept well or badly the night before.

But even under the worst possible conditions you can count on the Gillette Blade to do its job smoothly, surely and well. It's the one constant factor in your daily shave. Gillette Safety Razor Co., Boston, U. S. A.

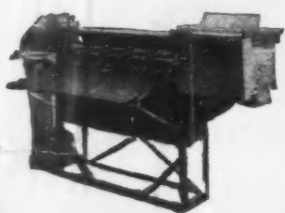


THE NEW FIFTY-BOX. Fifty fresh double-edged Gillette Blades (10 packets of fives) in a colorful chest that will serve you afterward as a sturdy button box, cigarette box or jewel case. Ideal as a gift, too. \$5.00 at your dealer's.

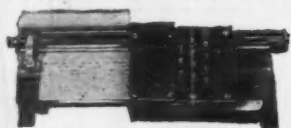


★ **Gillette** ★

Electric Accounting Machines for Every Kind of Business



ELECTRIC ACCOUNTING MACHINE



ELECTRIC KEY PUNCH



TYPE B3 ELECTRIC SORTING MACHINE



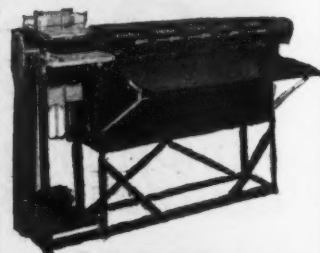
TYPE B3 ELECTRIC TABULATING MACHINE

Electric Tabulating and Accounting Machines (Hollerith Patents), which bring to accounting an unlimited range of possibilities, are the world's most up-to-date means of handling the figure-facts of business.

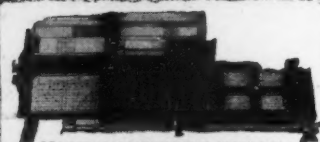
Comprehensive and flexible, this equipment can be applied to all accounting and statistical work with time-, labor-, and money-saving results.

Furthermore, the line of Electric Tabulating and Accounting Machines is complete. From the type 83—which is profitably employed by small concerns whose requirements do not demand the full power of the standard equipment—up to the large 7-bank printer is a large variety of types adaptable for use by every size and kind of business. Among them is one that fits your particular needs.

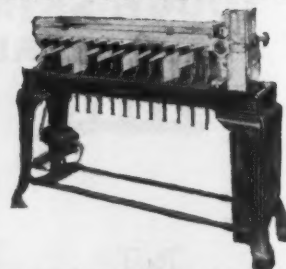
Write or telephone to our nearest office for studies of your statistical and accounting problems. We shall be glad to make them and render solutions. No obligation whatever.



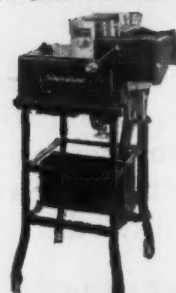
ELECTRIC TABULATING MACHINE



ELECTRIC DUPLICATING KEY PUNCH



ELECTRIC SORTING MACHINE (Horizontal Type)



AUTOMATIC GANG PUNCH

International Business Machines Corporation

THE TABULATING MACHINE COMPANY DIVISION
INTERNATIONAL TIME RECORDING CO. DIVISION
DAYTON SCALE COMPANY DIVISION

50 BROAD ST., NEW YORK, N. Y.
Branch Offices and Service Stations in
All the Principal Cities of the World



CANADIAN DIVISION
International Business Machines Co., Ltd.
300 Campbell Av. West Toronto,
Ont., Canada



NATION'S BUSINESS

A MAGAZINE FOR BUSINESS MEN



Business the Civilizer

THIS number brings to the reader the highlights of the Annual Meeting of the United States Chamber of Commerce. The sessions were attended by 2,500 business men, most of them leaders in their respective industries and communities. It is not too much to say that seldom, if ever, has there been gathered together such a representative cross-section of the intellect, the will, the courage, and the enterprise of our national life.

Men came to contribute to the glories of American business by taking stock of its growing responsibilities. They came realizing that business is not a compartment of life, not the cold abode of economic formula, not the bleak domain of the specialist. They came realizing, some unconsciously, perhaps, that the nation's commerce and industry is a vast laboratory for the development of all the humanities.

For business, because of its complexity, its interdependence, is teaching the great lesson of human unity, of human responsibility, of the obligations of man to man. Business is an educator, a conciliator, a coordinator, a salvager. Business is indeed the great civilizer.

But business still needs interpreters. Too often it seems only a wilderness of particularities, with no human beings left, nothing but advocates of this or that.

The Annual Meeting of American business is an intelligent procedure for the clearing up of cross purposes and the improvement of business vision. Business convenes in order to make itself

more useful. That is a serious business in itself. It is an affair that needs no stimulation of conviviality to give it interest, no social embroidery to give it distinction. Busy men who accept an opportunity to exchange valuable ideas, to pool experiences, are not the men to mistake a convention for a carnival.

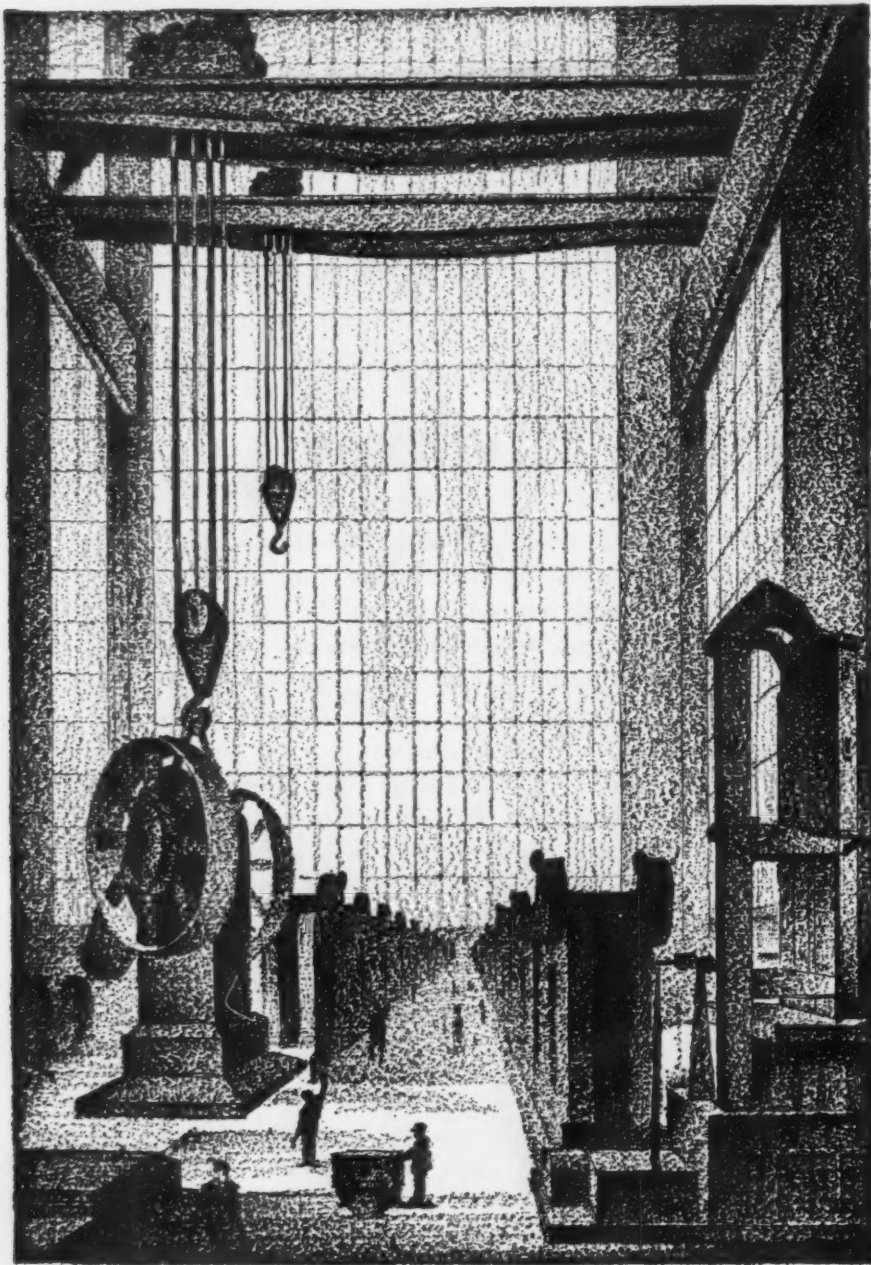
The proof of their earnestness and application is accessible in every community represented. Leadership comes to a larger stature in this democratic forum of business, and returns to its local scene with riper powers of guidance and direction.

The quality of this ministry is not doctrinaire, but practical; not provincial, but national. Through enlightened self-interest the "dismal science" has become a healing art upon which a whole people thrives and prospers.

Through it has come a finer health, a greater comfort, a more complete happiness. Only as business dedicates itself to higher standards of ethics and efficiency can the masses of the people who, whatever their small niche, are a part of this vast enterprise, know the contented peace of dreams fulfilled.

And so this Annual Meeting of minds helps to fulfill the bright promise of the Twentieth Century, for it has been well and truly said that its high purpose is not "to entertain people, nor to move them to tears and laughter, but to persuade them to understand."

Merce Thorne



Under The Austin Method of Undivided Responsibility, the complete project—design, construction and building equipment (heating, lighting, plumbing, etc.)—is handled by this one organization under one contract which guarantees in advance: 1. Low total cost for the complete project. 2. Completion date within a specified short time. 3. High quality of materials and workmanship.

WHERE do million dollar ideas come from?

THE most revolutionary and profitable innovation of recent years in the steel industry was developed from a long accepted idea and process in paper making.

The value of the outside viewpoint! Ideas are the vital factors, the heart-beats of business today. Only the business that looks ahead, anticipates the trend, meets it with new ideas, can win the big success.

An organization of 450 trained engineers, with specialized experience in various branches of industry, stands ready to serve you with ideas for improved methods . . . forward-looking plant design, construction and equipment.

Permanent Austin offices from Coast to Coast provide manufacturers with this unique service locally or at far distant points from their home offices. Work in the East is handled by New York and Philadelphia offices with complete engineering and construction organization authorized to negotiate with you on any type of project.

An office is located in the steel center at Pittsburgh; another in the heart of the central machine tool district at Cincinnati; another in the automotive stronghold at Detroit; still others at Chicago, St. Louis, Dallas, and along the West Coast, while national headquarters are located at the original home of the Company in Cleveland.

For approximate costs and other information on any type or size of building project, phone the nearest office, wire, or send the Memo below.

THE AUSTIN COMPANY

Engineers and Builders • Cleveland

New York Chicago Philadelphia Detroit
Cincinnati Pittsburgh St. Louis
Portland Seattle
Phoenix



The Austin Company of California: Los Angeles, Oakland and San Francisco
The Austin Company of Texas: Dallas
The Austin Company of Canada, Ltd.

Memo to The Austin Company, Cleveland— We are interested in a _____ project containing _____ sq. ft. Send me a personal copy of

"The Austin Book of Buildings." Individual _____ Firm _____ City _____ NBC 6-29

When writing to THE AUSTIN COMPANY please mention Nation's Business

NATION'S BUSINESS



Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

A Clearing House of Experience

A reporter-at-large looks on at the Chamber's Annual Meeting

By JOHN W. LOVE

Industrial Editor, Cleveland Plain Dealer

HERACLITUS, the Greek philosopher, looked at the world and decided that its sole reality was change. Change was the only thing he could be sure of—there was no other actuality. The record does not show whether he belonged to the Greek Board of Trade, but if he had lived today, particularly if he had attended the Seventeenth Annual Meeting of the Chamber of Commerce of the United States, he would have been more than ever convinced that motion and flow alone are the basic truths of existence.

Our guest philosopher would have been informed in the first sentence of Julius H. Barnes' speech on the first day of the annual meeting that the drama of America was its kaleidoscopic change. The President of the Chamber two days later would have told him in the opening paragraph of his address that business men seek more than anything else to keep their enterprises abreast of the current. In the closing session he would have heard a great automobile engineer tell the modern business man that he must "budget for constant change and progress."

Indeed Heraclitus would have gone away from Washington suspecting that the weaving motion of things was somehow hypnotizing the very men whose



minds had been the most stolidly practical since the beginning of the world. He would probably have perceived that the growing complications of business life were placing talk again on its pedestal, and that those who had affected to despise talk and exalt action were now at last unable even to tell where the bases were, so misty had the field lately become. There was less confidence this time in team work in industry, more determination to get the facts.

The business realist today, President William Butterworth explained, is the

man who has stepped up his thinking to the pace of our economics of motion. In these latter days when all the statics have given way to dynamics a man must have the assistance of trade organizations. Those men and corporations who are not content to keep up the race, said Charles F. Kettering of General Motors, should step out of line and make good spectators.

This meeting of the National Chamber, had selected as its theme, "The Growing Responsibilities of Business." There was discussion, in the usual volume and weight, upon such problems as reduction of armament, the credit situation, agriculture, railroad rate making, the merchant marine, federal courts, federal and state taxation, the tariff, immigration, and

the like, but even in some of these matters it was evident the Chamber was not of one mind.

The meeting was really two things—a meeting for delivering the voice of organized business on matters touching all its members, and a society to canvass problems upon which individuals wanted the light of others' views. This second purpose was what sold the most railroad tickets.

Having attended but one meeting of the National Chamber previously, I was not prepared to find this meeting as

nearly of the type of the "discussion group," lately so popular in the Middle West.

Program Was Well Formed

THE 1929 program was ideally set up to promote discussion. The addresses at the general sessions touched the problems of immediate national and international moment. The round tables, of which six were in simultaneous session on each of two afternoons, were built around subjects which come closest to the daily life of business. They examined the business man's relation to his city, his state, his nation, to his chamber of commerce, his broker, his chain store and his parking space.

The problem governed this part of the program, not the office division of the Chamber's work. Lobby conversation took its cues from the program and there must have been some who made their expenses from lobby information alone. I predict that next year's meeting will bring an even greater member attendance.

Mr. Butterworth explained the basic purpose of discussion when he called the National Chamber a business democracy. To former Vice President Robert P. Lamont's committee was entrusted the task of giving the program this essential vitality, and he and his successor as committee chairman, Felix M. McWhirter, were responsible for making the program what it turned out to be, a clearing house of business experience and opinion.

Let us take up, one by one, the major subjects which this meeting took up.

Mass merchandising is the topic calculated to put three or four men on their feet at once. The Chamber had brought together department store owner, specialty shop owner, chain-store owner, and that newest breed of all, the leader of allied independents. Though these men to the number of 300 or more sat together for the whole of an afternoon, the hotel management never once called for police. John H. Fahey, the Worcester publisher, announced it was quite the largest group the National Chamber had ever assembled on the problems of retail selling.

In one electric moment the executive secretary of the chain-store association candidly admitted that the chain units "have not been fully aware of their opportunities for community service" and announced that the association was even now studying this great problem.

Nor is this the only complication ahead for the chains. Dr. L. D. H. Weld, the New York market expert, said the prob-

lem of advertising media is becoming more difficult for them all the time, now that some of them are big enough to go into national advertising. Talk veered to the selling of nationally advertised brands and the round-tables found that some chains are selling more and more of them, others less and less. One could take his choice, substantial names on either side.

Merchandising reached the main floor in the address of J. Frank Grimes, president of the Independent Grocers' Alliance, the largest of the new "voluntary" merchandising unions. Earlier in the week Fred P. Mann, the one who put Devil's Lake, N. Dak., on the business map, had declared that such methods held out the only hope for the independent. Grimes pointed out that if trade goes sour in the smaller places, the whole country will be sick. Like two or three other speakers he looked upon the merchant both as seller and consumer.

If the merchant is not to be regarded merely as a retailer of goods, but as a

to look at him exclusively from one side or the other led to all sorts of complications.

A Cincinnati questioner wanted to know where chambers of commerce were coming out in the pressure on the one hand for greater savings of labor in industry and on the other for continuous city growth.

A categorical answer to the question was seriously given, at the close of the convention, by Mr. Kettering. He said new machinery is creating more new positions than it abolishes.

In the industrial extension session to which I have alluded, I was interested in the statements of W. E. Wells, Homer Laughlin China Company, and A. V. Snell, of the Pittsburgh Chamber of Commerce, upon the increasing effort of some communities to hijack the industries of other communities.

It was generally admitted that the quality of labor is of the first importance in industrial survival, and that it is better not to acquire a new plant than to have it flop after it arrives.

Hardly less complicated were the questions in the field of transportation. Invariably the National Chamber discusses the movement of freight on water and land, and the item which comes up first on the program gets the bulk of the attention. Lapse of time and the turn of affairs had given new colors to the problems of the American marine. There were differences even toward the much maligned Seaman's Act. Such matters as aid to tramp steamers also brought division.

Lively Rate Discussion

THE attitude of the membership toward the Hoch-Smith resolution and docket 4,000—that inquiry one of the commerce commissioners says could use 100 Solomons for 100 years—was influenced in considerable measure by the way the freight economy is mixed up with farm relief. The meeting voted in favor of giving thoughtful care to rates on agricultural products, but on the value of the famous Hoch-Smith declaration itself, it had to leave it with an alternative.

If Hoch-Smith is congressional rate making, the Chamber is against it, but if it's to remedy inequalities, the Chamber is for it, at least for finishing up the work started. Charles W. Lonsdale, the Kansas City grain man, submitted the report.

Apart from their relation to transportation the problems of agriculture emerged at least twice. Earl Elijah, Iowa's "master farmer," related to a sympathetic

(Continued on page 68)



RESEARCH, invention and progress are bringing constant changes in the life and needs of this country and the world. With these changes come new problems that business must solve if it is to justify itself in its own eyes and those of the world.

At the Seventeenth Annual Meeting of the Chamber of Commerce, reported in this issue, business men pooled their experiences for the solution of these problems

buyer of automobiles and houses, education and community values, it was made equally clear, in another round table, that the factory workman is likewise a buyer of all these things. Man is both producer and consumer, both breadwinner and citizen, just as in medieval times he was regarded both as vassal of the king and servant of God. Attempts



UNDERWOOD
& UNDERWOOD

William Butterworth, unanimously chosen
to head the Chamber for a second year

Business Has Its Part in Progress

By William Butterworth

President, Chamber of Commerce of the United States

TRADITION is having a hard time. The fact that a thing always has been done in a particular way is no longer accepted as a compelling reason why it should continue to be done that way. The business man who was labeled a "theorist" a while ago when he suggested new business line-ups is today accepted as very much of a realist. Science and business teamed together are making commonplaces of the miraculous. The business man who would succeed today must step up his thinking and his enterprises to the requirements of these exacting times. It is worth while, accordingly, to con-

IN EVERY community in this country, business men, without thought of selfish gain, have performed works of lasting value to the public.

Only those to whom Fortune has been generous can do these things alone but the chambers of commerce and trade associations afford all men an opportunity to contribute to the welfare and progress of the community by the pooling of ideas for the common good

some account of the opportunities that lie before them to voice their collective aspirations.

Broadly considered, a dual allegiance levies claim upon the business man. There is the claim of his community, his city, his home and the home of his enterprises. There is the claim of his industry. The first is typified by the community organizations, the chamber of commerce; the second by the trade association.

consider the agencies which business men have created to enable them to assay, accept and discharge their expanding responsibilities to their respective fields of business and to the public, and to take

Let us consider, first, the chamber of commerce as the center of business leadership for the proper identification, consideration and solution of community problems arising from and affecting busi-

ness activities. Through the chamber of commerce, business men may exercise their united powers and draw upon their collective resources of experience and judgment, in making their collective contributions to community welfare. With this opportunity is coming an increasing sense of responsibility on the part of business men to the entire community.

There are few, if any, communities in this country in which business men have not voluntarily come forward and performed works of signal and lasting value to the public without the slightest selfish thought of advantage to their own pocketbooks. These works take form as libraries, improved highways, parks, and other public recreational facilities, educational endowments, hospitals and the like. This is tangible evidence of the urge to contribute to the public welfare.

Not unto everyone, to be sure, is fortune so bountiful as to enable such material contributions, but the chamber of commerce affords to every business man ample opportunity to contribute to the progress and welfare of his community.

Adjusted to Conditions

OBVIOUSLY each such organization must have particular structural and functional features to meet the particular requirements of the community it serves. Yet there is a common denominator of type and of method and of technique. So, wherever located, the chamber of commerce should be essentially democratic in character, and representative of all the business elements and interests of the community so that it may become the voice of the business community and speak an accord of view and purpose in relation to means and measures to foster civic, commercial and industrial welfare.

It should, likewise, be alert to anticipate real opportunities for community development and advancement. It should ever be ready to inquire into all proposals for civic or business development, gather all pertinent facts, analyze conflicting viewpoints and arrive at definite courses of action in accordance with the broadest and most unselfish consideration of what is best for the community.

This calls for initiative. This demands leadership. This requires abundantly the contribution of that essential of successful business operation, the factor of co-ordination, so that all elements within the community may make their largest contribution to common purposes.

Experience has disclosed two particular reasons why the chamber of commerce is a uniquely practical agency for community development and for fostering public welfare.

The first is that the chamber of commerce brings into one representative organization all phases of the business and industry of the community, thus making it possible for business men to pool their

ideas and business technique for worthwhile objectives of common interest.

The other is that the chamber of commerce is part of the community life and takes into consideration the requirements of public welfare, such as education, recreation and conservation of health.

The chamber of commerce is thus the medium for bringing about community teamwork which identifies and seeks solution for those community problems and needs which cannot be neglected or ignored without serious prejudice to community welfare and to the progress and prosperity of its business and industry.

Recent testimony as to the value of business men's contributions to community development through chambers of commerce and as to the progress in chamber of commerce method and technique is that of former Secretary of Commerce Whiting, who said:

"Those who have followed the course of chamber of commerce work in recent years have noted the practical abandonment of the old-time 'boosting' methods—mere indiscriminate and extravagant laudation of a community, without the essential merit of definiteness. That mood and that practice are, at present unmistakably in the discard. To a steadily increasing degree, concrete practicality is the keynote now. With vigor and determination, chambers of commerce are devoting their attention to specific conditions that seem susceptible of beneficial change."

Coincident with this progress—but not of it—has sometimes come an element of dilution. This is manifest in the experience of those chambers of commerce which, while organized to serve impartially all phases of community needs, overdevelop some one activity to such a degree that they are, in fact, merchants' associations, or manufacturers' associations, or traffic bureaus, or industrial development associations, or community advertising or publicity and convention bureaus. While each of these activities has its place in the chamber of commerce scheme they are but segments of the all-inclusive circle of community interests.

It Must Be Representative

ENTHUSIASM for these specialized activities should not be permitted to dilute that widely representative character which is the very genius of the chamber of commerce as a center of business leadership and as a forum for the widest and freest and most democratic discussion of all phases of community interests and problems.

Let us now briefly consider the business man and his responsibility to his industry, and the trade association as the agency which affords him opportunity most fully to discharge that responsibility.

The trade association offers an indus-

try the facilities for intelligent research as well as searching out the possibilities which science and invention may offer for the progress and profit of the individual units and the industry as a whole.

Valuable as is its service within the industry, the trade association serves equally valuably as the agency through which an industry may foster proper relations with other business and industrial groups and with the public. Such a relation must be based on mutual confidence. Without it the hopes of an industry for progress and profit are largely vain, and intelligent business leadership is more and more realizing that the way to win such confidence is to deserve it.

A Forum of Opinion

THUS the trade association becomes a forum in which the enlightened opinion of an industry may, in effect, legislate for self-regulation and self-government by establishing sound standards of practice and conduct for the component units of the industry. This unity of opinion is a potent sanction. In a democracy, either political or industrial, there can be no stronger.

Measurable progress is being made toward self-regulation. More and more are we coming to understand that in and of ourselves, as business men, and through our organizations we can outlaw those practices and those abuses which are an outgrowth of unsound competition. These abuses are destructive of the real uses of competition and of its public value as a means of assuring a free flow and exchange of goods.

The objectives thus briefly set forth are eminently worth while. Their achievement requires, first of all, a lively and continuing interest on the part of every individual representing every unit within the industry.

The value of individual participation cannot be too strongly emphasized. The public respect for our organizations of business men—our chambers of commerce and trade associations—rests upon the democracy of our methods.

Never should they become the methods of autocracy. The views of our business organizations wield their influence in shaping public policies intimately affecting both public and business, because they are the views not of the few, but of the many, projected upon the background of public interest.

Our organization objectives, moreover, should never be picayune inconsequential but always those dominant concerns that are to the fore in their effect on the welfare of our communities and our business and industrial enterprises. These concerns and these issues, in an intimate and far-reaching degree, affect the welfare of every citizen in the land. To chart a proper course for our business organizations is thus a challenge to the best efforts of every one of us.

Growing Responsibilities of Business

By Julius H. Barnes

Chairman of the Board, Chamber of Commerce of the United States



Julius H. Barnes

THE development of America has been dramatic indeed, both in the extent and the speed with which the changes have been wrought. A new country of vast natural resources, the potentiality of great wealth was open to those men able enough or strong enough to seize opportunities and translate them into individual gain. It was inevitable that in this development leadership should rest upon strong men, and that some men of strength should be also men of ruthless method. It is not fair to judge the pioneers of industry in the days of industry's frontier except by the conditions of that day. No other land can equal the swift magic which in America has lifted living standards to the admiration of the world. In that speedy conquest of Nature and its treasures it is well for America to remember charitably the strong men with standards of another day, or without standards at all, along with its greater admiration for the leaders who were strong but also were fair, and far-visioned—there were many such.

Seventeen years ago the Chamber of Commerce of the United States was called into being at the request of the President of the United States. Thus by official invitation from high authority was constructed an agency which should speak the reasoned convictions of American business, on national problems.

Looking back over the record of these 17 years one may reasonably claim that the Chamber has justified itself. It has kept step with the development of American industry. It has aided in constructing a public opinion influential against legislative and economic fallacies. It has set high standards for business conduct and has witnessed the advance of business

ethics towards these standards. In attempting to define the growing responsibilities of business, one is impressed with the complexity of the present social structure in which business must serve, and awed by the magnitude of its future. One is impressed with certain definite truths:

First—That American industry by its achievements at home has properly assumed a leadership in national and individual welfare.

Second—That the amazing growth in America of the reservoir of capital and the annual outpouring of trained youthful minds, will give to America leadership in world enterprise as well.

Third—That if America translates into the conduct of world enterprise, the ethics

and standards of American business today, it will more directly establish the welfare of uncounted millions than any crusade of history.

These responsibilities enlist the most devoted study. That we may appraise the background on which these forces must rest, and the field in which they must play their part, let us first survey the recent developments at home.

In the attempt to dramatize the progress of this American commonwealth, the mind falters before the broad sweep of actual achievement. The task is to state with simple truth the real marvel of its social and economic conquest and to

“THE problem of business leadership in the future will be altered by the progress we have made in the past.

“We must teach our youth that the stamp of leadership is no longer the dollar mark alone but rather the methods by which business eminence is attained and the spirit in which wealth and influence are used”

present the possibilities of a national and an international leadership in an unprecedented era.

The problems of modern industry are intricate indeed. Political government is clearly more interlaced with economic life than ever before. The living standards of the individual home rest directly on orderly employment and continuity

of industry as never before. Government and administration must touch these lives and this economic structure with sympathy and understanding. Business leadership which should influence the policies of government in behalf of the welfare of all its people must have public confidence, that clarity of vision which maintains healthful industry, and the courage to speak its convictions.

In this era of applied invention, of trained intelligence, of old industries expanded, checked or displaced, of whole new industries rising with the magician's wand of invention, the social habits, indeed the individual character of our people, are under the influence of new and vast forces.

They Spring up Magically

IN NEW industry, the ten-year old radio projects the day's magic of programs into the hitherto menacing silences of the Poles.

In industry claimed as both old and new—we have the automobile. The one million cars owned in America with the birth of this Chamber, have grown to 25 million.

In industry we have the almost daily commonplace of billion dollar corporations owned by hundreds of thousands of individual stockholders.

In production we have mass methods supplying a range of inexpensive goods beyond the imagination of yesterday, yet paralleled by the quality market which absorbs the \$300 basket of flowers and the \$500 bottle of perfume.

In mining, technique and daring now extract large profits from tonnage of such infinitesimal metal content as was disregarded by mining science of a recent past.

In banking, there has evolved the unit of two billions of resources under a single direction, assuring unlimited credit for vast enterprise, yet human enough to systematize small emergency loans on individual character.

In transportation, we have doubled in a decade the tonnage of railroad freight, and have paralleled our railways with a new army of truck drivers that almost equals the total of railway employees.

In airways, we have the 26-hour coast to coast air service, that makes every inland city a possible world port.

In communication, we have, during the life of this Chamber, increased our telephones from seven million to 19 million, and by the ocean radio have brought to every single instrument the access to 28 million receivers, out of the world's 33 million.

In education, we have lifted the country child from muddy road trudging to swift motor delivery at consolidated schools, for a grade of instruction impossible in the little red schoolhouse. Great universities, supported by a sense of stewardship of great wealth, enroll to-

day an army of well trained intelligence.

When one attempts to measure the full effects of this vast ferment one is most impressed by the truth that industry, operating primarily for profit, must nevertheless intertwine itself with social service.

Applied invention has so quickened the creation of national wealth that the annual income of our people has risen during the life of this Chamber from 32 billion dollars to 90 billion annually.

In this rapid creation of aggregate wealth and in the inevitable inequalities and confusion which must accompany its distribution even under the fairest influences, we must expect many puzzling problems. As individual savings have increased there has been an increased understanding of the possibilities of profitable investment.

In recent years, more millions of our people have found that investments in well managed American industries have made their dreams of fortune come true. The expanding roll of individual stockholders in great American industry shows this to be true. It emphasizes the responsibility resting on the management of great industries whose ownership is spread through many thousands of small investors.

A New Financial Position

IT IS also true that within the short life of this Chamber, America has changed its position from that of a great debtor nation to that of the great creditor nation. Within a few years, America has become possessed of two-thirds of the banking capital of the world. Since the basis of business enterprise is capital and management, there is a new significance in this dominant position as the capital reservoir of the world, emphasized by the army of trained minds that flow through our advanced institutions and technical schools.

Inevitably this means that the organization and development of business enterprise in every section of the world must come increasingly to America for capital and management. Increasingly, it means that our young people will be drawn into the management of industry in every corner of the world.

To those far outposts of new trade activity, with what standards and ethics of industry will these young people go? We know inevitably that they will transplant there the practices, standards and convictions they have been taught by industry at home. This again indicates the growing responsibility that rests upon American business of this day.

By favor of Nature, by a freedom from the handicap of custom or habit, and by the energy of its people stimulated by a political philosophy of equal opportunity, America has found the key to universal individual welfare. America has learned that national wealth is the aggregate of

individual possession and attainment and that the stimulated production of the individual inevitably builds higher the aggregate of national possession.

It is no accident that the relative national wealth, for example, of the United States as against Great Britain is almost the exact relationship of the relative per capita horsepower—four and one-half to one. It is no accident that the United States, leading all others in annual wealth creation, also stands at the head in equipping each worker with power and machines that enlarge his daily production.

The Future Is Limitless

THERE are vast populations to learn these truths, to learn that the needs and aspirations of mankind are limitless. The field that calls to American youth and American capital throughout the world is limitless.

From this presentation of the highlights of the possibilities of industry and business you may see the vast potentiality of the future and appreciate something of the extent of these growing responsibilities of business.

The problem of business leadership in the future will be altered by the progress of the past. In industrial relations the problem is today, not, as formerly, the basis of a fair wage on which the worker may exist, but the basis of a wage which will supply a saving and a spending margin, and fairly recognize each individual's contribution in relative production.

As production is thus stimulated and expanded, the social problem of the future will be perhaps the problem of leisure hours and the way they are to be employed and used.

All these problems will be solved without social injury if we establish standards inspiring the best qualities in all our people. It is the responsibility of business leadership to teach our youth that the stamp of leadership is no longer the dollar mark alone, but rather the methods by which business eminence is attained, and the spirit in which wealth and power and influence are used.

America must not become self-satisfied, complacent and flabby with content. We have an extraordinary national prosperity, the maintenance of which is a large responsibility of business leadership.

In the business method the impediments to national progress must be segregated into their specific problems, and the treatment of each defined.

Moreover, these problems cannot be solved in Washington alone, by either official or unofficial leadership. They must be studied by enlightened and unselfish local leadership. They must be crystallized into a great cross-section of American public opinion, made effective by its own logic and the righteousness of its cause.

These problems which press today for
(Continued on page 64)

The Widening View of Business

By JOHN H. FAHEY

Former President of the Chamber of Commerce of the United States

THE Chamber of Commerce of the United States has shown its interest in almost every subject under the sun, from agriculture to city planning. It has given its time and wisdom to the consideration of the outstanding questions which confront business in every direction.

Naturally it does not have to consider so seriously the businesses that are prospering. It is those departments of business which are lagging behind that call for the most careful study.

We all realize that agriculture is one of these and certainly the business men of the United States are demonstrating to the farmer that they realize that his problem is their problem, that agriculture and business are interrelated, and that the prosperity of one depends on the prosperity of the other.

In the same way I think we appreciate more clearly than ever that certain of our great industries dealing with natural resources, for example, oil and coal, are confronted by peculiar difficulties which challenge the attention not only of those engaged in those industries, but of every business man in the United States. Mr. Holmes, representing the oil industry, has presented a picture of a great, fundamental business which, as the result of overproduction, is today earning but a fractional part of the profits necessary to sustain it. He has told us something of the efforts being made to work out a scheme under which production can be kept within certain limits, to the vast advantage of the country as a whole.

Problems of Limitation

HE HAS assured us that an attempt to limit production will lead to exploitation of other businesses and the public at large; that if the oil industry were really given an opportunity, in cooperation with some government authority, to work out its problems, natural resources could be conserved, prices lowered, and a tremendous waste eliminated.

The consideration of any attempt to bring that about raises certain questions of control which confront business in every direction. Who is going to decide how far production may be limited, whose production is to be limited, and under what circumstances is it wise or safe to limit production? Indeed, is it necessary to limit production at all?

On the other hand, we have the as-

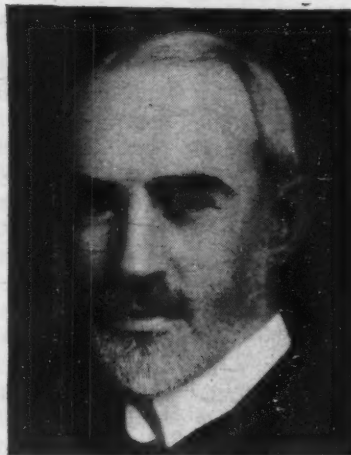
sertion, supported by authority, that if we go on exhausting our great oil resources at the present rate, we confront an almost certain condition of shortage within a dozen or 15 years, and we are obliged to recognize that oil represents a large part of the available power which is utilized in industry today.

With coal, we face something of the same kind of problem. We were told by an eminent authority representing the coal industry, that only the cream of the coal is being taken from our mines today, and less than half of the most efficient coal operating companies are making any profit whatever. There is no suggestion of a limitation of production or an apportionment of production. Yet there is, in any consideration of that problem, the same old question of how far the inefficients shall be protected by a price condition which, under other circumstances, would result in their elimination from business altogether.

Are we coming to a time when we must face the problem of coal supply from a little different angle? There, again, we are approaching the point where we must decide, if possible, just where to place the dividing line between free cooperation of business groups in the attempt to solve their problems, and the arbitration of some authority representing the public as a whole.

In considering natural resources, we touched briefly on another great problem, where we face the same fundamental question of control—that of utilities. I think as business men we are slowly realizing that there is in this field one of the great national questions which, in a few years, will be challenging the thought of business leaders, economists and statesmen in every corner of the country.

The problem of distribution is another in which business must take a growing interest. When we talk about agriculture today, we speak of marketing. When we talk about the further development of sales, so far as the manufacturer is con-



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John H. Fahey

cerned, we think of market analysis and research. Every time we discuss modern distribution, we begin to talk of the chain store and the independent. The net result was a general recognition that the present wastes in distribution must be eliminated, that modern retailing must cut down the present waste; that the chain store has made a great contribution to modern merchandising, and that, instead of eliminating the in-

dependent, it was merely giving him inspiration.

It was agreed also that the chain stores were encountering some troubles of their own, that they have made and are making their share of mistakes; that they are learning from these errors; that they recognize their responsibility in the communities in which they operate their stores as perhaps they have failed to do in the past.

Of course in any discussion of business the tariff problem must come up, at least incidentally.

Willis C. Hawley, chairman of the Ways and Means Committee, has explained the work of that particular committee of our Congress showing it to be engaged in a tremendous task which it is discharging with a care and thought which certainly commands the respect and confidence of business.

Perhaps some of us who have been familiar with tariff making for perhaps half a century, may have felt that the processes of the committee were unduly complicated, and that it is much easier to write tariff schedules in the old way. On the other hand, I am sure that the members of this Chamber are still firm in the conviction they expressed so many years ago, that scientific tariff making based on the careful work of fact-finding authority is the only basis on which the prosperity of the business of the United States can depend safely.

Probably we will all agree that the problems in the field of finance as a whole are, in some respects, more baffling and more complicated than any that we have

previously faced, but I believe we all have confidence that under the guidance of our Federal Reserve Board and our conscientious, farseeing bankers, the difficulties of the present situation will be met in good time.

The question, "How far may business go in solving its problems by cooperative action within its own ranks, and at what point should government intervene as umpire?" is one that recurs frequently in any business discussion.

The progress made in the last ten or a dozen years in the work of the Federal Trade Commission has been outlined by Christie Benet, general counsel of the Cottonseed Crushers' Association. Mr. Benet directed attention to the fact that in the last six or eight years the Federal Trade Commission cooperating with various business groups, has held some 50 Trade Practice Conferences.

In discussing this particular subject former members of the Commission have taken opposite views as to how far the Government, through the Trade Commission, should proceed in undertaking to outline what the rules of business conduct should be. One felt that the Government should go further than it had gone; the other, that the Government should intervene to a lesser degree than in the past. Obviously we face a question calling for more thorough study, more careful consideration, as to how far various producers and distributors may

undertake to eliminate unfair practice, unfair competition, limitation of production, and similar problems without government intervention.

The plain question we face is, "if we are to carry forward constantly these agreements among ourselves for the elimination of evils, at what point shall the representatives of the public sit with us and say what we shall or shall not do?"

Business Tackles Its Problems

OF COURSE, there are many who, when confronted with the results of unfair competition, unfair trade practices, promptly suggest that there is no cure except resort to law. Yet the experience of the past ten years' cooperation with the Federal Trade Commission clearly demonstrates that business itself will develop sounder practices.

It seems to me that business shows its progress by its willingness to take up problems that formerly it would have shunned. Twenty-five years ago, if the leaders of a great industry had suggested that development of a pension system for employes was one of the first responsibilities of a business, he would have been called a radical and a visionary. Yet today we willingly consider the advantages a pension system brings not only to the industry itself and to the employes, but to society as a whole.

An intelligent consideration of indus-

try's responsibility in the problem of unemployment is another example of the same kind of enlightened appreciation of the thorough-going responsibilities of business which I think would have received comparatively little attention a couple of decades back.

Although we talked of some of these things in an idealistic sort of way, I doubt if 20 years ago the suggestion that the business men of the United States should give interested concern to schemes for expanding the span of life, and improving the health of all the people, would have commanded the keen attention they receive today.

We talk of the "Growing Responsibilities of Business." What are those growing responsibilities? Certainly, the slogan of the Chamber of Commerce of the United States, adopted a dozen years ago, is not an empty phrase, but an expression of the fundamental responsibility of American business; those things for which we strive cannot be in our own interests alone. They represent service. We have no right on behalf of ourselves to demand anything that is not in the broad public interest.

That slogan "If it is not in the interest of the public, it is not in the interest of business" represents the thoughts of the enlightened business men of the United States, and summarizes our appreciation and interpretation of the "Growing Responsibilities of Business."

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1929-1930

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WALTON L. CROCKER, President, John Hancock Mutual Life Insurance Company, Boston, Mass.

*E. ASHURY DAVIS, President, Neudecker Tobacco Co., Baltimore, Md.

KARL DELAITTRE, President, Bovey-Delaittre Lumber Co., Minneapolis, Minn.

*LAMMOT DU PONT, President, E. I. du Pont de Nemours & Company, Wilmington, Del.

P. W. A. FITZSIMMONS, President, Michigan Mutual Liability Company, Detroit, Mich.

*H. M. GILBERT, President, Richey & Gilbert Company, Yakima, Wash.

EVERETT G. GRIGGS, President, St. Paul & Tacoma Lumber Co., Tacoma, Wash.

FREDERICK J. HAYNES, President, Durant Motors, Inc., Detroit, Mich.

*GEORGE W. HOLMES, President, First National Bank, Lincoln, Nebr.

*LEONARD S. HORNBER, President, Niles-Bement-Pond Company, New Haven, Conn.

W. M. G. HOWSE, President, The Johnston & Larimer Dry Goods Company, Wichita, Kans.

*FRANCIS E. KAMPER, C. J. Kamper Grocery Company, Atlanta, Ga.

*P. W. LITCHFIELD, President, Goodyear Tire & Rubber Company, Akron, Ohio.

JOHN G. LONSDALE, President, The National Bank of Commerce, St. Louis, Mo.

*C. A. LUDLUM, Vice President, The Home Insurance Company, New York, N. Y.

FELIX M. MCWHIRTER, President, The Peoples State Bank, Indianapolis, Ind.

EDWARD P. PECK, Vice President, Omaha Elevator Company, Omaha, Nebraska.

A. W. ROBERTSON, Chairman of Board, Westinghouse Electric and Manufacturing Co., East Pittsburgh, Pa.

FRED W. SARGENT, President, Chicago and North Western Railway, Chicago, Ill.

HENRY D. SHARPE, President, Brown & Sharpe Manufacturing Company, Providence, R. I.

FRANK L. SHULL, President, Portland Chamber of Commerce, Portland, Oregon.

MATTHEW S. SLOAN, President, New York Edison Company, New York, N. Y.

ERNEST T. TRIGG, President, John Lucas & Company, Phila., Pa.

W. H. WATTIS, President, Utah Construction Company, Ogden, Utah.

OSCAR WELLS, President, First National Bank, Birmingham, Ala.

WM. M. WILEY, Vice President, Boone County Coal Corp., Sharples, W. Va.

*Newly elected.

Business and the Farmer

By EARL ELIJAH

Master Farmer, Clarence, Iowa

BUSINESS and agriculture are closely related. More than 50 per cent of all the raw materials of industry come directly from agriculture. The manufacturer regards the farmer as one of his best customers. No great business depression is without its serious effect on agriculture. Conversely, agriculture cannot suffer long without exerting a weakening effect on business.

This nation was primarily agricultural. At first the bulk of our wealth was the richness of our soil. Today less than one third of our people live on farms. Business and industry have been fostered, protected and built up, sometimes at the expense of agriculture. It is high time that their mutual relations and responsibilities are better understood.

The farmer, who a hundred years ago was almost sufficient unto himself, is now a world citizen. He demands an American standard of living, with all its complexities. He has sacrificed some of his independence. He knows that he cannot live alone. Agriculture, properly handled, is a business. It is an industry. The farmer produces that which he may exchange for what someone else produces. Farming, however, must not be considered as an industry only. It is also a life. A farmer is more than a standardized machine. He is a human being and is entitled to live as such. Agriculture must be humanized.

President Hoover endorsed this attitude last Fall in his acceptance speech, when he mentioned the individual farm-home as the fundamental unit of American agriculture and pledged his best effort that the beneficent influence of that home might continue.

I am beholden to no agricultural organization and have no political axes to grind. I am an ordinary dirt farmer. I am not a doctor for agricultural ills, but a patient. It is not my purpose to prescribe remedies, but to tell symptoms.

Agricultural conditions have improved; but when 30 per cent of our people, heavily capitalized, get only ten per cent of

our national income, as the farmers do, then something is radically wrong. Last year, 900 representative industries, capitalized at more than 23 billion dollars, earned a net income of well over two billion dollars or 121-10 per cent of all money invested. Any farmer who cleared as much as seven per cent on his investment had to tell how he did it before we would believe him.



Earl Elijah

One of the laws of industry is that the less efficient producer shall be pushed out of the way to make room for the more efficient. In the recent agricultural depression, however, it has not always been the least efficient who has suffered most. The farmers who were hardest hit and brought the most banks down with them were the young men of ambition. They were men who had made good money

as tenants. They were progressive in their methods. They looked hopefully toward the future. They saw land prices mounting higher and higher and feared lest they might never be able to own homes of their own. They sought advice of those whose advice formerly had proved sound. No one had ever heard of an Iowa farm selling for less than it had cost. And so they bought homes although their own best judgments revolted at going so deeply into debt. Farmers of more mature years, having farms free from debt, mortgaged those farms that they might assist a son or daughter in buying the neighbor's farm.

The prices paid at that time were fully justified by the prices received for agricultural products. Prices of farm lands were no higher in proportion to earnings than are today's prices of stocks in proportion to industrial earnings.

But those prices of farm produce were not to endure. The manufacturing companies abroad which had bought and processed our raw materials had been hard hit by the War. They recovered more slowly than did foreign agriculture; and so our export markets, for which a large surplus had been produced at high costs, were practically eliminated. Prices fell. Notes came due and had to be paid.

Many a home went under the sheriff's hammer. Mortgages could be immediately satisfied in no other way. Many farms failed to bring the amount of the first mortgage. Moneyed men put their assets into bonds or other securities that could be readily disposed of.

The whole affair was one vast tragedy from which agriculture has not yet recovered. The less efficient farmer who had made but little lost but little, even though he lost all. The better type of man who had invested the earnings of the best years of his life was the one hardest hit.

The Farms Lost Men, Too

MANY of these men who have perished in the storm under ordinary conditions would have survived. They were men who used the most approved methods of production and were interested in building up a permanent agriculture. The loss of this kind of men to agriculture can in no way be justified as an economic gain. A vital policy toward agriculture should rise from the ruins of their dead dreams.

There are many factors to consider when we study the farmers' problems. Among them are instability of prices, a credit system unsuited to agriculture, and high costs of production and marketing, together with burdensome taxes.

Let us consider the much-discussed subject of stabilized markets. I do not mean a price fixed high enough so that the inefficient may remain on the farm and make a profit. Any such price-fixing scheme would defeat its own purpose by causing serious overproduction. If prices were to be fixed at all I would want them fixed low enough to keep out the marginal producer. I have no faith in any scheme of fixing the definite price of any farm product. What I do feel we need is some assurance that prices will not jump from cellar to garret and back again within one production cycle.

Sometimes we load our live stock onto the cars and reasonably expect a certain price. Overnight the market drops 50 cents per hundredweight and the profit of a full year's production has been lost or seriously reduced. A long continued downward swing of prices ultimately results in decreased production and a jump back up to higher prices. Thus the pendulum swings back and forth. Consumption is hampered and production knows not where it stands.

A small margin of profit for the farmer,

received continuously, would be a benefit to all concerned. To that small margin, I maintain, the efficient producer is entitled.

"But," the business man says, "business is also subject to price fluctuations." True enough, but business and industry are sufficiently organized to cope much more effectively with this bugbear. If no definite price agreements exist, then very effective understandings are in operation.

Too Much for Coincidence

A SHORT time ago I was in the market for a few tons of 20 per cent acid phosphate fertilizer. There were three dealers in our town, each of whom handled a different brand of phosphate. The first one told me the regular retail price was \$31.65 per ton. The second one said he was supposed to get \$31.65 per ton. The third one quoted it to me at \$31.65 per ton. It would be hard to make me believe that all three of these manufacturers had arrived at just the same nickel to ask for their product without first getting their heads together. If I want a sack of cement I can call for Alpha, Gamma or Omega and it all comes at the same price. If I drive up to any one of a half-dozen different gasoline filling stations, each handling a different company's products, I know that it will take just the same number of pennies to fill my tank there as it would at any of the other five.

Agriculture has so many manufacturing units that it would be almost impossible for all her managers to agree on either production or price. If it were possible, even then we could not control production. Weather conditions are beyond man's control and frequently cause a variation in yield per acre of as much as 40 per cent. The quality may be influenced fully as much as the quantity. A certain number of sows farrowing in the Spring does not insure a definite number of 200-pound shoats for market the next Fall and Winter.

If farmers were universally agreed and knew ahead of time the amount and kind of each commodity required by the consumer, even yet the much quoted "inexorable law of supply and demand" could not be trusted to make stable markets. Ninety per cent of a normal crop frequently brings 150 per cent of the average number of dollars; whereas 110 per cent of a normal crop results in about 60 per cent of the normal number of total dollars received. Production factors, beyond the control of man, demand that if markets are to run on an even keel then something must take up the slack. What that something should be I shall not attempt to say. Business men with a sympathetic and understanding attitude toward agriculture and skilled in handling huge economic problems are equipped best of all to offer the solution. It is their opportunity, if not their responsibility.

Until we have a reasonable degree of

stability in the farmer's income no ample credit system can be worked out for him. And credit is one of the big agricultural problems. I don't mean more credit but a better system of credit.

Industry borrows money on the profits it is able to earn. Agriculture borrows money on the amount of capital invested. The Federal Land Banks recognize that a farm mortgage should be a long-time affair and so have amortized loans extending over a period of 36 years. We who borrow money through them do not worry about what credit conditions will be when the mortgage comes due. It never comes due. The thing that causes us worry is the short-time notes given for money borrowed for operating capital.

The agricultural cycle is too long for the credit that is available to the farmer. What agricultural operation can be completed before sixty-day paper comes due? Hogs produce more rapidly than most other farm animals and yet the time required from the buying of the open brood sow until her produce is on the market is usually well over a year. Other farm practices of good standing have turnovers of only once in three or four years. So long as farmers must be financed by banks whose deposits are payable on demand of the depositor the banker can do nothing else but demand short-time notes. The notes come due. Tight money appears. The farmer is forced to sell his live stock on a glutted market or in a half-finished condition. Many a farmer has been forced to the wall who fundamentally was a good risk and would have paid out 100 cents on the dollar had he been given time.

Our small country banks were originally organized to assist the financing of the affairs of the community. Now the banking experts tell our small banker that not more than half of his assets should be loaned locally. Our own little bank, for the sake of safe banking, has been forced to invest heavily in bonds, many of them secured in the East. The average return on the bonds is a little over five per cent. For the bank to make any profit our own local people must be charged seven per cent on money they borrow. To keep the bank's assets liquid, only short-time paper is given.

Agriculture Needs Credit

I'M NOT blaming the small banker for this practice nor the bank examiner for insisting on it. I merely wish to point out that the credit facilities at our command, although possibly adequate for industry where the turnover is frequent, are utterly inadequate for agriculture.

How is industry financed? Industry sells bonds which correspond roughly to the first mortgages on our land. Then industry sells stock for the major part of its operating capital. We farmers borrow the money wherever we can for our op-

erating capital. If industry makes a profit the stockholders are paid a nice dividend. If we make a profit we pay our interest. If industry has a bad year nice letters are sent out to the stockholders, explaining why there is no profit and how conditions have changed so that a handsome profit is assured next year. If we have a crop failure or a serious loss of some kind, what do we do? We pay the interest, but how? If we still have plenty of collateral we can borrow the money and hope to make it back next year. If we are short on collateral then we must sacrifice on something.

I don't know how this credit proposition should be solved; but short-time credit on long-time operations plainly is not satisfactory. The periodic uncertainties of agriculture, although agriculture may be fundamentally sound, render short-time loans completely inadequate. Here again we have a problem too large for any individual farmer or small group of farmers to solve. Men of large financial vision have here a problem which may well challenge their best thought.

Another factor puzzling the farmer is high production costs. Wages are high; due in part to restricted immigration. And yet farm labor is underpaid when the wages of a similar class of labor in industry is considered.

Tariff Hurts the Farmer

MOST of our products are sold in the world markets, while most things that we buy are sold in a market effectively protected by the tariff. What we export must be paid for by imports brought in over the tariff wall which is a barrier amounting to approximately \$600,000,000 per year. Although our pork production efficiency per hog has increased 15 per cent during the last ten years, our foreign market is slipping away from us. Our fixed factors in production costs do not allow us to compete with the cheap lands and labor of other countries.

I would not enter into a discussion of the merits of protection of either labor or industry. A protective policy may be for the best interests of the nation as a whole. I wish merely to call your attention to the injustice which the farmer suffers.

In Iowa, as well as in many other states, taxes weigh heavily upon the farmer. Agricultural property is hard to hide and so must suffer. Around \$2 per acre is perhaps the average tax on our better agricultural lands. And yet, in deference to industry and business, our last two sessions of state legislature have turned down a state income tax law.

Transportation costs merit study and reorganization. I somehow can't get very enthusiastic over improved waterways so long as our present transportation systems must be supported.

Improvements in marketing machinery
(Continued on page 57)

Our Stake in the Pacific

By CHESTER H. ROWELL

Publicist and Writer

LOOK with me from my home in the Berkeley Hills of California out through the Golden Gate, which marks our last frontier. That view is something more than one of the finest beauty spots in the world. It is one of its supreme symbols. Nowhere else, unless it be that other historic gateway, where "the mountains look on Marathon and Marathon looks on the sea," is there a place so significant as a milepost of mankind. As Marathon embodies the past, so does the Gate envisage the future. One marks the beginning of the independence of Europe, the other the end of the isolation of America and of the separation of the two halves of humanity. Between them, they enclose a civilization and an era.

Before us, looking both ways from the Golden Gate, lies all the future. Facing eastward on the western sea dwells half the human race. Until now it has been to us a world apart. Henceforward it is to be the other half of our world and a participant in our life. This is the great fact which distinguishes our generation and its successors from all that went before. In the past there were two worlds. In the future, there will be one.

That other world has had its movements too, only we chose to ignore them. It peopled great lands and established in them civilizations more stable than our own. In it were founded all the world religions, including ours. Confucius taught a hundred generations of his people to value righteousness and wisdom above material gain. Learning and culture, art and literature, and the institutions of civilization flourished. And we, for the most part, knew them not.

Where West Meets East

NOW these two worlds come together. The ocean barrier has become a bridge. And have no illusion. These worlds cannot long meet on any other basis than that of equality. For the moment, in the things of the moment, they are unequal. The West has power, wealth, organization, science, machinery and highly organized government. Only Japan has these things in the East, and it learned most of them from us. If this is the measure, we are now the superior. But obviously it is not the whole measure. And even if it were, our superiority, by it, is very recent, and has covered a very small part of both our histories. When Marco Polo traveled in China he met

there a civilization more advanced even in material things and in governmental power than any he could then have found in Europe. The same would have been true of any traveler, at almost any other time in the long history of both peoples, with only two exceptions. One of these was the period of Roman civilization. The other is the brief period in which we now live. Even the Romans depended on the Orient for luxuries finer than any they were civilized enough to produce. So did we, within the memory of men now living, and do still for our finest fabrics and rugs. The Orient gave us silks, carpets, draperies, perfumes, spices, luxurious baths, porcelain, gunpowder, paper, printing, religion, arithmetic. After the Crusaders went to the East they came back and, with what they had learned, they rescued Europe from barbarism. So, except for these two brief periods, the Orient was ahead of us by even our standard of measurement. It has always been ahead of us in continuity and stability. It has remained civilized during the periods when we broke up into anarchy. And it is debatable whether it has ever been behind us in the finer aspects of personal culture, even at the times when we were ahead of it in material things.

One of the most curious illustrations of our penchant for judging other peoples by whatever we have most recently acquired ourselves is the American mania for measuring civilization by plumbing. We forget how recent this standard is, even for us. When Commodore Perry "opened up" Japan to what we called "outside civilization" the first bath tub had been introduced in our White House two years before. Perry opened to our "civilization" a nation whose people had been accustomed to a daily bath for a thousand years.

The baths of Akbar and Shah Jehan in India, which to this day are the most luxurious in the world, were built about the time the first log cabins were erected at Plymouth Rock. The British learned in India the custom of the daily bath,

and brought it back to England. We learned it from them, so recently that most of us here can remember its beginnings. Then, having no servants to fetch our baths, and being lazy, we invented modern plumbing. And, having got that almost yesterday, we look down today on peoples whose desire for cleanliness is great enough for them to be willing

to go to a little trouble for it, without waiting for modern plumbing.

However, whichever was superior—and we have alternated in that—their separateness is now ended. Whatever our relations in the future—whether of understanding or of distrust, of cooperation or hostility, of profit or loss—they will at least be relations, and not disrelations. On some terms we must and will deal with each other. We can no longer treat each other as nonexistent.

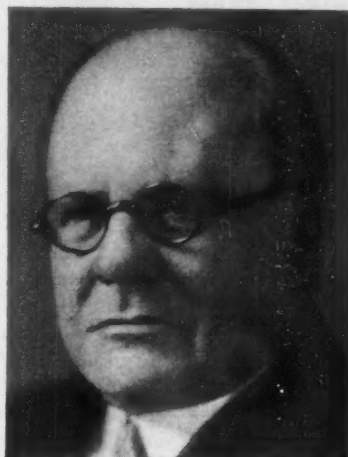
The Pacific was once a barrier. Now it is a bridge. We have bridged it materially, and we have the problem of bridging it spiritually.

The ancient world looked inward, like a Greek house, on the Mediterranean. The modern world looks outward, like a British or American house, on the Atlantic. The new world faces both ways, on the Pacific.

The contacts, bringing us physically together, necessarily present those problems which go with closeness. And the first of these is not trade or politics, or even peace or war. It is understanding.

May I suggest that we begin that understanding with the small things of life? For a long time European and American business men in the Far East, British civil servants in India, and Americans in the Philippines have thought it necessary to maintain their prestige or "face" by an attitude of personal and racial superiority. There may have been some excuse for it in the past, and we can doubtless "get by" with it for a limited time in the future.

But we no longer do it in Japan—for the obvious reason that the Japanese will not tolerate it. We cannot permanently do it anywhere. If we persist in it, the



HARRIS & EWING

Chester H. Rowell

price will be that by the time Oriental business becomes stupendously worth while, as it is bound to do within this generation, we shall not be the ones to get it.

We treat Japanese, in Japan, with respect, but not because we appreciate the beauty of their art and the fineness of their civilization, their great history, their high spirit, and all of the things which make them so admirable a race. The Chinese have these things, too, and yet they do not, by them, earn from us the same treatment. We treat the Japanese with respect because they have a strong government, a great army and navy, and the mailed fist to make us do it.

We treated the Turk also with scorn and contempt until recently, though the racial difference is slight. Now we have suddenly stopped doing it. There is the same explanation. The Turk has developed an army and a government, and has defeated peoples of our race in battle.

The Oriental peoples notice this and thus they reason, "We do not ourselves regard a strong government as very important, nor war and armies as respectable at all. We do not admire these things. But apparently the white man does. If he understands nothing but force, then by force we must deal with him."

Now, there is only one way to acquire this racial respect, which is the foundation of all the other decencies in our relations to these peoples of the Pacific, and that is to know them. This does not mean to live among them, merely. There are those who have done that for half a lifetime and are still uncomprehending strangers. It means to penetrate into the spirit and meaning of their lives, to make friends of them individually, and to understand the meaning and the history of their institutions collectively. There ought to be more study of Oriental history, geography and languages in our schools and colleges. There ought to be more travel across the Pacific. And there ought to be more appreciation of the problems of the Pacific and of their relations to us.

Gathered for Frank Discussion

REALIZING this, a few years ago, a number of interested men in many countries organized the Institute of Pacific Relations, which holds its third annual conference in Kyoto, Japan, this Fall. There will gather unofficial but representative groups from all the peoples bordering the Pacific or exercising sovereignty in it—China; Japan, with Korea; America, with Hawaii and the Philippines; Canada; Australia; New Zealand; Soviet Russia; Britain; probably France and Holland, and possibly Mexico. The American group will number only 40 members, but we hope to include in these some of the leading men of the business community.

There, as in the two previous meetings at Honolulu, unhampered by the responsibility of representing governments or by the necessity of making decisions, in

an atmosphere of free discussion, the attitudes of the various peoples will find expression through some of their most competent men and women, to the end that facts may be verified and understanding reached.

We have tried out that technique on equally delicate questions, before, and we know it succeeds. Four years ago it was the American exclusion law, then just passed, over which the Japanese were acutely sensitive. So we put into the same room one of the authors of that exclusion law and some of its chief Japanese critics. Hard-boiled exclusionists from California, apologetic idealists from Boston, conservatives and liberals, politicians and philosophers from Japan, experts from Canada and Australia, all talked it out. And in the end they did not agree. But they did understand. And out of that understanding, I think, has come in large measure the more patient attitude in Japan and the more generous attitude in America ever since.

They Oil the Tight Joints

THIS time it will be Manchuria, the most dangerous question in the world, discussed at the very focus of that danger. The Japanese, who have invited that discussion, are not afraid of it. And the Chinese will not be timid nor the Russians shrinking. But they will all be what official diplomats dare not be, frank and outspoken. By the time they finish with that unofficial discussion the question may be clarified and the pressure relieved to the point that the officials can tackle it with hope of success.

This is but one of the many problems which we will attack in the weeks of discussion, after two years of preparatory work by the expert secretarial and research staff and the national groups in the various countries.

These problems are vastly important, for the next few years may determine the center of gravity of the world. There are three great continental empires in the world—Russia, China and America—and one great maritime realm, the British Commonwealth of Nations. There will never be a fifth. The map of the world shows there would be no place to put it.

Of the three continental domains, America is the culmination of one system of life and Russia claims to be the advance guard of another. Between them is China, with a fourth of the human race breaking from its immemorial past and choosing its future. These two civilizations are competing for China. Sometimes they seem to be on the verge even of fighting for it. The outcome may change the center of gravity of the world. The question of which way China goes may be the determinative factor in the America of our children.

Asia is in flux. Before it lie the problems which we of Europe and America have mostly behind us. There is inde-

pendence to be gained—independence of us. There are nations to weld, frontiers to draw, conflicting interests to adjust, great territories to open, resources to develop, and a total transformation to make in the work, business and life of the people.

These are problems which, when they were ours, we settled by war. Unless the Orient shall better our example, it will settle them the same way.

These are problems, it may seem, of politics rather than of business. But business depends on politics. Unless the great business opportunities which open across the Pacific are freed of the menace of war, there is nowhere else that business can find the field for expansion in the coming generation which it has found in the industrialization of Europe and the development of America in the generations just behind us. Our business system is geared not to a fixed, but to an expanding world. There is still room in the parts of the world with which we have dealt, but not room for any such explosive expansion as that through which we and our fathers have gone. We must either slow up or find new fields. And the only field with potentialities big enough for us is in the opening world across the Pacific—provided politics and war do not interfere.

Enlightened Selfishness

SO OUR stake in the Pacific is in the whole of it—in its peace and progress as well as in its markets; in what it can do for itself as well as what we can get out of it. Business is rightly self-seeking but far-sighted business is learning that, measured even by selfish advantage, a large and liberal policy pays. There is little to be gained in merely opening the markets of the Orient as it is.

There, in the Orient, is our opportunity and our risk. There our trade will grow and our investments increase. There many of our sons will make their homes, guiding the expanding industries of a new-old world. There the other half of the human race is to learn from us the lessons we have learned, of science, of machinery, of industry and commerce, and of political and business organization.

There perhaps, if we are wise, we shall learn of them the equally needed lesson that man is the measure of things, and not things of man. We measure a man's "worth" by his possessions or the market price of his services—by money and goods. They measure the value of things by their service to life. If the machine is to be our servant and not our master, if business is to serve us and not we it, if we are not to be overrun by the juggernaut we have built, perhaps we have as much to learn as to teach.

At least we may realize that we have entered on the Pacific age. Our face is westward, and our stake in the Pacific is our part in the whole future of the two halves of mankind.

Our Mutual Business Problems

By C. H. CAHAN

Member of Parliament, Dominion of Canada

IT has been my personal privilege to witness the development of the Dominion of Canada since its original provinces were formed into a federal union 62 years ago. During those years, while devoting our best energies to the development of our country, it has been our constant desire to live in peace and harmony with the people of the United States and to obtain amicable solutions of the problems which inevitably arise between two neighbors.

Canada is now the largest foreign customer of the United States. During 1928, we purchased \$826,000,000 in value of commodities which the United States produced. In fact, during the last calendar year 67 per cent of all our importations for consumption in Canada were purchased in the United States.

But while we purchased from the United States commodities of the value of \$826,000,000, the United States in return only purchased from Canada to the value of \$493,000,000. Thus to meet our accruing liabilities for purchases from the United States, we were compelled to seek markets for our surplus products in other countries in order to procure from our sales abroad bills of exchange to the amount of \$333,000,000. This was needed to pay for our annual excess purchases from United States manufacturers and other producers of all classes.

Tariff Has Two Sides

THE Fordney-McCumber tariff was a severe blow to many of our producers, who had previously found in the United States limited markets for their products; but we have now, in a large measure, compensated for our trade losses by procuring market openings for our products in other countries. As we acknowledge your undoubted right to adopt all measures, fiscal or otherwise, which the United States deems expedient to promote her industrial development, we feel assured that the United States will entertain no feelings of resentment against our country, when we, from time to time, adopt appropriate measures to adjust our economic life to meet the new conditions which the tariff adjustments of other countries impose upon us.

It is my personal opinion that we Canadians, having primarily in view the industrial development of our own country, should seek to insure increased production

in Canada of those commodities which we now import. I refer to such commodities as iron and steel, woolen and cotton cloths, clothing, hardware, machinery, and utensils, to the extent, at least, of our ever increasing domestic demand for such commodities.

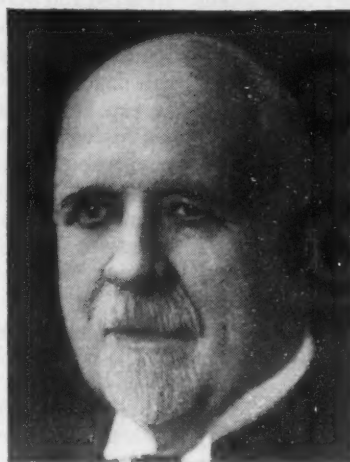
The maintenance of cordial relations between our countries is of prime importance to the business men of both. We have been politically separated for more than a century and a half. We have doubtless developed different mentalities, differing traditions, customs and manners. The City of Montreal, of which I am one of the representatives in the Canadian House of Commons, is, next to Paris, the largest French-speaking city of the world. I trust, however, that our moral standards are not very divergent.

In this connection may I allude frankly to the suggestion appearing from time to time in the American press that upon Canada rests the moral duty and obligation to assist in enforcing the provisions of the Eighteenth Amendment. Yet in times past, when certain of our Canadian provinces prohibited the sale of intoxicants, it never occurred to the Canadian Government to request the United States Government to prohibit the sale and exportation to Canada of whisky distilled in the United States.

Although we may recognize no moral or legal liability for enforcement of the United States' sumptuary laws, yet I am personally of the opinion that no Canadian Government could be confident of popular favor which should encourage the commission of offences against your laws.

The United States is now probably the most potent single political power of the world; therefore her weaker neighbors, such as ourselves, naturally observe with interest, and sometimes with concern, not only the manner but the spirit in which she exercises the vast political forces which are at her command.

For example, we, as one of the British Dominions, are a party to the convention made at Washington in January, 1924.



C. H. Cahan

We gave our adherence to this convention solely for the purpose of facilitating the administration of American tariff and sumptuary laws.

Under Article One of that convention, the United States solemnly declared its intention to uphold the principle that three marine miles extending from her coast line constitute the proper limits of her territorial waters.

Nevertheless, under Article Two of that convention, as evidence of our neighborly good will, we agreed that we would raise no objection to the boarding of our private vessels outside the limit of American territorial waters by United States authorities; but by the same Article Two it was expressly provided that these exceptional rights should not be exercised at a greater distance from the coast of the United States than could be traversed in one hour by the suspected vessel.

Recently an unarmed vessel of Canadian registry, sailing under our flag, was sunk more than 200 miles off the American coast by a vessel of the United States Customs patrol, leaving her crew to struggle for life in a stormy sea, one only, fortunately, being drowned. There is a widely prevalent opinion in our country that this event was neither authorized by the express terms of that convention nor by the recognized rules of international law.

Let's Prevent Such Things

SHOULD not the business men of both countries who desire to maintain cordial relations between our two countries insist that our respective governmental authorities shall so exercise their rights, under such temporary international agreements, that provocative incidents such as these may be prevented, or, at the least, that they shall always be preceded by due notice and friendly discussion.

There is another matter now being discussed by the business men of both countries, the St. Lawrence waterways. It has been proposed that the United States and Canada should enter into a joint agree-

ment for completing the navigating channels and canals to a depth of 27 feet from the head of Lake Superior to tidal waters on the St. Lawrence River, together with the installation of hydroelectric structures and power machinery to utilize the available hydroelectric power on the St. Lawrence.

I am merely voicing my personal opinion in saying that this project has not been enthusiastically entertained in Canada; first, because of the weight of the financial obligations its early completion would impose, at a time when other large public expenditures are pressingly necessary, and secondly, because it apparently proposes to vest in the United States Government rights in respect of the St. Lawrence River, where it lies wholly within Canada, in addition to those which are conceded under existing treaties.

It is my personal opinion that the proposed St. Lawrence development would have been more favorably considered in Canada if the problem had first been resolved into its simplest component elements.

The United States already has constructed two canals at Sault Ste. Marie. We have constructed one. The United States has also made improvements for the navigation of the St. Clair and Detroit Rivers; so that at the present time vessels drawing 20 feet of water may safely navigate, for a distance of 848 miles, from Fort William to Port Colborne, or from Duluth to Buffalo. The deepening of these channels, if deemed desirable, should necessitate no new convention between the two countries.

American Ships Don't Pay

CANADA, at its own expense, dug and now maintains the old Welland Canal between Lakes Erie and Ontario, which is used without charge by vessels flying the American flag. In 1912, we undertook, at our own expense, the construction of the New Welland Canal, for a distance of 25 miles, to a depth of 27 feet. This new canal will be completed next year at a cost of \$116,000,000 or more to Canada. When it is completed, shipping under the flag of the United States may traverse it under our existing canal regulations without paying into the Canadian Treasury one dollar for canal tolls.

The international section of the St. Lawrence River extends 115 miles from the eastern end of Lake Ontario to the international boundary at St. Regis. Throughout this international section, the United States and Canada have equal rights to the navigation of the St. Lawrence River, and to use of its flow for development of hydroelectric power. Along the first 67 miles of this international section, proceeding easterly, the St. Lawrence is a deep slow-moving stream, in which no waterpower can be developed. Here the River may be improved for navigation by carriers drawing 27

feet of water through an expenditure of not exceeding \$1,800,000.

Then the River, for a distance of 48 miles, embraces a series of rapids and swift-moving waters, having a total fall of 92 feet, of which a net head of 82 feet may be utilized to produce about 1,700,000 horsepower of continuous power.

These river rapids are now overcome for navigation purpose by the Galops, Rapide Plat, Farran's Point and Cornwall Canals, all of which have been constructed and maintained by the Canadian Government. Under our existing canal regulations, vessels carrying the American flag also navigate these four Canadian canals without payment of tolls.

It is with regard to improvements for navigation along this international section of the River that, in my opinion, the pending negotiations between the two countries should, for the present at least, be restricted.

Would Hurt Present Canals

AMERICANS, as competent business men would be disposed, I think, to limit such negotiations to the simple material elements, namely, an agreement to construct and maintain two dams across this international section which would hold back the stream so as to form two long narrow lakes sufficiently deep for navigation by vessels drawing 27 feet of water, and with locks at each of these dams for the ascent and descent of shipping.

Plans which are now proposed place these locks, the weirs which control the flow of the River to Montreal Harbor, and even the power houses and machinery for the production of hydroelectric energy, all on United States territory. The carrying out of these plans would destroy the four canals on the Canadian side, which have already been constructed by Canada at great expense, but which are now free to American shipping.

Why should we now destroy these existing Canadian canals, which largely serve our present needs, and which may be enlarged by us at our expense, in order that we may contribute of our limited financial resources to the construction of projects which will be exclusively located on United States territory and under the jurisdiction of the United States and of the State of New York?

If, nevertheless, our two countries are to continue negotiations for the improvement for navigation of the international section of the River would it not be expedient to restrict the proposed joint international project to the international section of the River, in which both countries have equal rights? Such a course especially recommends itself by reason of the facts that the United States does not really need, and Canada is not, I think, prepared to concede, any rights or privileges in the Quebec Section of the River in addition to those now granted under existing treaties.

If the all-inclusive undertaking now under consideration, which was proposed by the Joint International Board of Engineers and which involves a joint outlay of \$840,000,000, were restricted to the more simple proposition of carrying out the improvements for navigation on the international section of the River our two countries could then construct the two dams across the River, with the necessary locks and such foundations for power houses as may be constructed as parts of these proposed dams, at an estimated total cost of \$146,000,000.

The hydroelectric powers available on this section of the River, are claimed on the American side of the River by the State of New York and on our side of the River by the Province of Ontario. The more limited joint undertaking which I propose would enable each of these claimants to build on these foundations, of which they should each bear an equitable share of the cost, their respective power houses on their respective sides of the boundary. They could then install their own hydroelectric generating equipment at their own cost at such times as their respective markets might dictate.

The Federal Government of Canada would then be at liberty to improve, within a reasonable time, the St. Lawrence River, from the international boundary to Montreal Harbor, a distance of about 60 miles, by deepening its channels and constructing the proposed new Soulanges and Lachine Canals to a navigable depth of 27 feet.

Such a scheme for the hydroelectric development of the international section of the River would be but slightly more complicated than that which has already been carried out at Niagara by international agreement, and probably no more difficult of accomplishment than the construction of two or three international bridges across the St. Lawrence River.

No Diversion of Water

SUCH limited proposals would, in any opinion, be more favorably entertained by the Canadian people, if, as a preliminary, it were made clearly apparent that the United States has determined that the present diversion of lake water at Chicago, which we deem to be a breach of international comity, shall forever cease, and that the waters of the Great Lakes and of the St. Lawrence River shall never again be diverted into another watershed to the grave prejudice of existing navigation and power rights along that River.

As many men have many different minds, the views which I have expressed must not be deemed to have been concurred in by all the boards of trade and chambers of commerce of Canada, nor to represent the policies of the Government of Canada, which I have no authority to represent, nor even those of the Conservative Party of Canada, with which I am more closely associated.

Bringing the Tariff Up to Date

By WILLIS C. HAWLEY

Chairman, Ways and Means Committee, House of Representatives

THE Tariff Act of 1922 has fully justified its existence. It has restored confidence, rehabilitated industry, fostered agriculture, provided millions of wage earners with employment, and brought prosperity to our people. For the great majority of the articles for which it provided protection, it is still efficient and sufficient.

But the past six years have seen the most remarkable developments ever made in any similar period of history. New articles are produced, or old articles in new forms, scientific research has astonished men with its proficiency in relation to production of commodities, new machinery is devised, and new competitors have entered upon new fields of competition. By reason of these and other causes, competitive conditions have changed. We have fields of production and industry in which the forces of foreign competition are making serious inroads. The arm that has protected other industries now should be raised to protect these. Notable among the industries needing such protection is agriculture.

For this reason, we have undertaken a readjustment of the Act of 1922. We are repairing the defenses where the attacks are making inroads. All our people and all our industries are entitled to the same consideration. It is the purpose of protection to place all producers and products upon the basis of equal opportunity against imports from abroad. Our remarkable growth from a people of some \$16,000,000 of wealth and 31,000,000 of people in the '60's to approximately \$300,000,000 of wealth and 120,000,000 of people in 1929, and a corresponding increase in all the desirable conditions of human life, are the outgrowth of the competition at home, rather than of that from abroad.

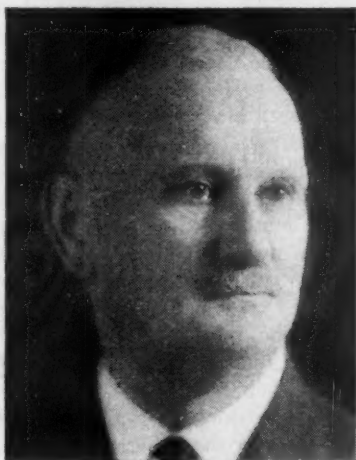
The Constitution confides to the House of Representatives the sole right to originate measures for raising revenue. The House has designated the Committee on

Ways and Means as its agent to prepare and submit to the House bills for this purpose.

During the recent campaign the Republican Party proposed, if retained in power, to readjust the tariff. The country responded by the election of a Republican President and an increased majority in the House. At the assembling of Congress in December, 1928, the Committee on Ways and Means agreed to prepare a bill for the purpose of carrying into effect this understanding.

Hearings began January 7, 1929, at which the full membership of the Committee sat. Over 1,100 witnesses were heard, and 11,000 pages of testimony were taken. Some 300 persons filed briefs but did not appear in person. The hearings required some 45 days.

After the hearings were concluded, in accordance with precedent the 15 Republican members undertook the work of readjustment. About a month prior to the beginning of the hearings, the chairman of the Committee designated each Republican member as chairman of a subcommittee for the preparation of readjustments in a specified schedule. There were 15 schedules providing duties. Five subcommittees were appointed, consisting of three members each, having three schedules to consider. Each one of the three members was the chairman of a schedule. The assignments so made were ap-



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Willis C. Hawley

proved by the Republican members. The purpose was to cause each schedule to receive the intensive study of three men, one of whom was to be held specially responsible. The plan proved of great value at the hearings by assisting the members in questioning witnesses. Of even greater importance was the fact that it gave the members three months' notice of the particular work each had to do.

After conclusion of the hearings, the subcommittees began work upon their schedules, reading the testimony and studying the briefs. The testimony and

briefs were also analyzed by the experts of the Tariff Commission, and summaries of the evidence were furnished the subcommittees. This also enabled these experts to become thoroughly familiar with the problems before the subcommittees, to assemble detailed data, and to verify figures.

Also the Tariff Commission furnished the Committee with a very important summary of tariff information. Statistical documents and publications in considerable variety and official in character were used.

Committee Had Able Advisers

DURING the preparation of the readjustments, the subcommittees had the assistance of men particularly qualified upon any given matter, including those from the Tariff Commission, representatives from the Departments of Treasury, Justice, Agriculture, and Commerce, and from the Customs Court and Customs Service. These men furnished information upon administrative questions; court decisions; customs practices; past history of goods, wares and commodities entering foreign trade as exports and imports, where and how produced, quantities, qualities, import values, sales prices, costs, labor, distribution, and the possibilities of increased production at home and abroad.

These same qualified men sat with the 15 Republicans as each subcommittee made its report. Each such report was subjected to a detailed inquiry by the 15, and the subcommittee making the report was requested to submit the data upon which their conclusions as to rates of duty were based. The reports of the subcommittees were examined by the 15 and later were again taken up for further cross-examination.

What a protective policy intends to do is to equalize the cost of production at home and abroad. In its application this means to adjust the differences in competitive conditions at home and abroad. The protectionists hold that the American market belongs to the American people. It was created by their labor, industry, ingenuity and ability. It is a thriving, prosperous and active market.

Foreign producers, who in many instances can obtain raw materials at lower prices than American producers and

who pay for labor less than 40 per cent on the average of what is paid in the United States, look longingly toward this market and desire to enter it upon the best possible terms.

This is a laudable desire. But we regard the protection of the American market and of our producers and laborers as a domestic question to be settled in such way and on such terms of trade as we deem advisable. We alone have a right to say what shall happen in this market and the conditions on which outsiders may enter it.

The Committee on Ways and Means, acting as the agent of the House and of the Republican Party, has welcomed all information that it might be as well informed as possible on all matters affecting the tariff. We have no intention of excluding foreign products from the market of the United States, but it is the purpose to admit them under such conditions and in such quantities as not to throttle our industries, imperil our wage scales and impede our development.

As a fundamental fact domestic competition is more vital in regulating prices in this country than foreign imports. The cases of tin plate, steel, aluminum and other products may be cited. The foreign goods sent to this country naturally sell for what the market will bring irrespective of the costs of production.

Why should they not so sell? We believe, since we have created this great market and maintain it, providing all the legal and commercial machinery for its use and protection, that foreigners who desire to participate in the benefits of this market should be charged an entry price that will prevent disaster to our people, and put into the Treasury considerable sums of money and thus relieve our own taxpayers to that extent.

Our Trade Is Increasing

UNDER the protective policy during the last six years our foreign trade has greatly increased, with a corresponding increase in the amount of money received from customs duties approximating 600 million dollars a year. Our foreign trade has practically doubled under the Act of 1922, and is the largest in the peacetime history of our country.

For after all, taking into consideration all the factors involved, the fundamental economic basis of our national progress and prosperity is production in its various forms. Whoever finds more economic ways of producing goods and makes them more generally available is a public benefactor. Such an agency is protection.

Foreigners have no natural right to trade in our markets. It is a privilege granted under the comity of nations.

The rates in a tariff bill are intended to adjust the differences in competitive conditions in this country and abroad in order to give the American producer and American laborer proper opportuni-

ty in the American market. These rates are based on the experience of a given period—due consideration being given to the history of imports over a period of several years. The quantities produced and the prices received fluctuate from year to year and from season to season. A duty is based upon an average experience. A fluctuation in price affects the effectiveness of a duty.

In other words, the effectiveness of a duty depends upon the market. Without a careful examination of the market for a given period, it is not possible to say to what per cent a duty was effective. A duty may be wholly effective at one time and only partially so at another, depending upon the market.

A Minimum of Changes

OUR 1,100 witnesses presented many requests for readjustments. Modifications in existing law are to be made only to the extent that, and only in case where, the facts as ascertained warrant. Witnesses were urged at the hearings to submit evidence showing the difference in competitive conditions here and abroad as the basis for the consideration of their requests for adjusted duties.

In determining the rate of duty to be imposed it is necessary to decide what conditions of American production will form the basis. I speak especially concerning manufacturing enterprises. Plants are located in various parts of the country. Each section has advantages and disadvantages.

Presupposing management to be equally efficient a plant so located as to be near raw material, close to its supply of fuel or power, near to markets and with moderate freight burdens, and near to an adequate labor supply, other things being equal, has a distinct advantage; and one distant from labor, from raw materials, from fuel and power, and from markets, with consequent high freight burdens, has a distinct disadvantage.

A duty sufficient only for the most favorably located plants might tend to their benefit at the expense of their less favorably located domestic competitors. Plants least favorably located have the status of marginal producers who tend to disappear. That is, unless careful consideration is given, a tariff may have a tendency to redistribute production.

Our opponents charge that a high tariff promotes monopoly. It seems to me that our experience proves the contrary so far as domestic production is concerned. A low tariff might tend toward monopoly under the conditions cited above. No general rule can be stated. Each such situation must be studied on its merits, and the rate of duty fixed to foster sufficient production without unnecessary interference with domestic conditions.

Experience indicates, however, that in the great majority of instances foreign

competition is keener in certain localities than in others. When such storm centers are accurately located, whatever rate of duty will be sufficient for them will also take care of all the others. The problems outlined above cause tariff makers many difficulties and serious investigation and study, for tariffs deal not alone with foreign competition, but also may affect domestic competition.

There are some new factors in world competitive conditions. Italy and Czechoslovakia are becoming significant factors in world trade. The use of new and improved machinery abroad, manned by foreigners trained in our factories, or by Americans so trained, is increasing. Foreign labor is materially increasing in efficiency, with no corresponding increase in standards of living. This increased efficiency with lower standards of living and low pay makes a distinctly new factor in competitive conditions, and is of especial importance to American labor.

Immense amounts of American capital are invested abroad, presumably to take advantage of the opportunities conditions above indicated afford. It is frequently asked that consideration be given to foreign products produced by Americans who have invested their capital abroad. But since they buy their materials abroad, use lower paid foreign labor, and enrich foreign communities, such products cannot be given preference. They are foreign competitors and can become the most dangerous of such competitors.

It is remarkable how our foreign competitors can select the items in a schedule upon which successful attack can be made by reason of an inadequate duty. When this occurs the plumes of smoke fade from our stacks, the hum of industry ceases, trains no longer bring raw materials and carry away finished products, pay rolls cease, American workmen become idle and practically every person in the local communities feels the loss in some degree.

Good Tariff Helps All

ON THE other hand a successful tariff distributes benefits to our people. When a duty is placed upon certain industrial products the production of such articles increases in the United States; more raw material is purchased for their manufacture, and more labor is employed with more hours' work per year; the price to the American consumer is reduced. Meanwhile the steadier employment of labor at better wages causes larger amounts of commodities to be purchased and consumed, the business of merchants increases, and larger quantities of farm products find a favorable market.

Or, to state it in another way, every duty is a spring of pure water of industrial life, and the united results of all duties make the rising tide of American prosperity.

The Future of Small Business

By J. FRANK GRIMES

President, Independent Grocers' Alliance of America

THE gauntlet thrown down defiantly before wholesalers, independent retailers, and manufacturers with moderate production (the small businesses of America) has today been taken up with confidence and assurance.

While the individual units of this part of our commercial structure may be small, yet in the aggregate they make up the largest and most important factor of America's business.

Domestic commerce plays such an important part in the prosperity and happiness of all that we cannot ruthlessly disregard the influence of business on the general welfare of all people. It is of great importance then to consider carefully any development which might tend to disturb practices and relationships that so intimately affect the interests and welfare of the major portion of our population.

Probably no informed and thinking individual will deny that our national well-being hinges largely on the prosperity of the thousands of smaller cities and villages scattered across the nation. In the great majority of these places, retailing and wholesaling make up the larger part of business. In many communities, retailing is the only business to be found.

Small Towns Are Vital

AS A matter of fact, our big industrial centers have developed because surrounding them are thousands of smaller cities and villages which, being prosperous within themselves, are able to make vital contributions to the progress of the big cities. Serious reaction would take place in these big cities if the profits made in smaller communities were impaired. As our large cities are really made up of many small local trading areas, we must include these in the general cataloging of small businesses.

Small businesses make two vital contributions to modern American life.

The first comes from the profits these businesses produce. These profits develop new enterprises within the community, buy new furniture, clothing, automobiles and countless other things that contribute to our general happiness and our economic welfare.

The other contribution that small businesses make to our social structure is the opportunity they offer our ambitious and efficient young people to obtain the train-

ing in executive capacity and business responsibility that eventually will fit many of them to go into business for themselves. These small businesses in the small communities have provided the training ground for many of the executives now heading our large industries and banks.

Nothing should be permitted to impair the making of profits and the keeping open of opportunity for young people. The day that happens, America will take its first step backwards.

Let us see how extensive the wholesale and retail business is and we will appreciate the great factors they are in our entire business structure. There are approximately 1,300,000 retail outlets and about 35,000 wholesale houses in the country. Invested in these enterprises is approximately 15 billions of dollars. The annual sales of wholesalers and retailers approximate 60 billions of dollars per year. Engaged in these businesses are some seven million people; these with their families and dependents provide incomes for approximately 30 millions of our population.

An industry making up such an important part of the whole cannot be pushed out of existence without seriously deranging the entire business mechanism. Into this field of distribution has now been injected a new system. Being of nonresident ownership, its interest in local welfare is and cannot help but be incidental.

All it wants is profit. It aims primarily, though unconsciously, at the destruction and elimination of small businesses. Its growth has been phenomenal, the profits earned something to conjure with; the investing public has been swept off its feet, manufacturers are practically fighting for its business.

Many bankers, legislators and manufacturers have decreed that wholesalers and independent retailers are in a helpless position and that it is only a question of time until they will cease to be important factors in American business. A viru-

lent case of contagious hysteria seems to be rampant.

But small business is not yet dead and buried. True, it has been badly manhandled because it has not yet fully understood the principles of mass operations. However, it is learning and today evidences of progress are visible. It is catching on. Once it grasps the significance of mass operations, what a glorious future will unfold.

Real progress, however, will be made only when the wholesaler and retailer understand that they must match or excel their formidable competitor through greater efficiency, economy, and modern sales methods. Many wholesalers and retailers firmly believe that mass buying power will solve all problems. They are mistaken. Buying, while very important, is actually incidental.

Many think sales increase is the solution. The retailer whose sales total \$25,000 per year thinks, "If I could do \$40,000, my troubles would be over." And the retailer whose sales total \$40,000 thinks \$50,000 in sales would cure every ill. The wholesaler whose sales total a million is in trouble and thinks two millions would save him. But the wholesaler doing two millions is in worse shape than the other fellow.

While buying and sales volume are of great importance, they really mean nothing if the cost of operations nullifies every other advantage. So, if we are at least partly conscious we will first get expenses in line and then it will be easy to match buying and selling power. But it will require cooperative action to lower expense.

Let us look at some figures:

In the grocery field, exclusive of those wholesalers and retailers now in the I. G. A. movement (not having figures of other fields I cannot speak for them) the average total cost to operate for 1928, both wholesale and retail, was 29 per cent of sales. In the I. G. A. this has now been reduced to approximately 19 per cent of sales.

In the hardware, dry goods, drugs and



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other lines, the differences in cost between the competing lines of distribution is even more marked. It would serve no good purpose to quote these figures here. The condition is now being corrected. To the lack of practical cost information can be traced the greater part of this difference in the cost of operation.

Small business can and now is correcting this wide difference in costs. It is doing so by retail concentration of buying, by using only one source of supply where a single source is practicable. The scattering of buying through many sources has made it impossible for the wholesaler to function economically and develop buying power.

In the Independent Grocers' Alliance wholesale costs are rapidly going down and soon the average wholesale operating expense will be seven per cent or less. Six per cent is the mark we will reach. From investigation I am convinced that operating costs in other wholesale lines can be materially reduced; in most cases cut squarely in two.

The main factors in wholesale expense reduction are retail concentration of buying, elimination of small unprofitable accounts, standardization of lines and elimination of duplicate brands and items with small consuming demand, transformation of salesmen into retail supervisors, and adoption of well planned and thoroughly maintained budgets.

In the grocery field the practice of salesmen calling on 100 accounts weekly and producing only \$6,700 in sales per month must be changed. This wasteful selling cost must be reduced. It is being done by the supervisory salesman concentrating on not over 30 good accounts that confine practically all buying to the one wholesaler. Then the salesman produces from \$25,000 to \$40,000 per month.

A tremendous saving follows in office, warehouse and delivery expense. In one I. G. A. wholesale house, which has over 4,000 accounts on its books, 232 I. G. A. retailers account for more than 55 per cent of the firm's entire sales volume. Those familiar with wholesale expense will appreciate the remarkable reduction of expense that will follow when this wholesaler gets as great or greater volume from 500 accounts that he now gets from over 4,000. All along the line expenses will go down with a bang.

Economies Can Be Made

SMALLER stocks, fewer brands, faster turnover, fewer trucks, and elimination of excess personnel will place wholesalers on a competing basis with the warehouse depots of competition. Then, with a sufficient number of wholesalers in each line pooling their buying, they will approach the independent retailer on a sound economic basis.

But up to this point scarcely half the job is done. It is now up to the retailer himself to put his house in order. His first

step is to concentrate buying. He must stop being a reception committee for salesmen. The high pressure brought to bear on the retailer resulting in overstocks and endless slow moving items must stop. The time saved by concentrating buying is now available for bringing into action lowering of overhead and better selling.

The next step is to consider seriously whether it is more effective to sell on a basis of credit and delivery, on the cash and carry plan, or to go a little step further and inaugurate self-service.

Most Important Saving

ITS significance is more clearly shown when one considers that the average retail grocer's expense under old methods is 18½ per cent, while under the self-service plan, it can be reduced to eight per cent or less.

Not all retail lines are ready for self-service and some never can be, but most of them can adapt the plan with great success. In the grocery field self-service will shortly be operated in at least 80 per cent of the stores.

Under old methods, as a retailer's sales increase his expenses increased. He needed more clerks, more delivery boys, more trucks. The secret of the new plan's success lies in the homely fact that every customer is a clerk. If 100 new customers patronize a store, that store has 100 new clerks who are not on the pay roll.

The average amount of each purchase in the properly equipped self-service store is far in excess of that in any other type of store. This of course necessitates store rearrangement, proper location of items, complete but fast turning stocks, and proper purchasing. It must be appreciated that the retailer cannot do these things single-handed. He cannot afford the cost of employing the talent necessary to provide his store with merchandising and advertising of the quality and quantity necessary to match the powerful and highly organized competition of thousands of retail units.

He must employ mass methods. And this can be done only by the cooperation of a sufficient number of independent merchants. This requires the finest type of organization, and it is absolutely necessary that wholesalers and retailers cast their lot together. Then they will have buying power. Then they will have advertising power. And all at so low a cost per store as to be really insignificant.

Under the plan of highly organized cooperative action the combined costs of wholesaling and retailing can be cut practically in two. This lowering of expense plus real buying power now enables the retailer to approach the consumer with prices and attractive stores that will at once command his patronage. Then and only then can local ownership be featured soundly and successfully.

Small business need not fear the future. The I. G. A. is proving this in thousands

of cases. Small manufacturers within certain lines will soon learn how to employ mass methods. They will adopt sound cost accounting and operate under well planned budgets. They will learn the fallacy of too many lines and begin concentrating on the items they can produce to best advantage. They will stop trying to sell to everybody in every city and state. They will learn how to work together.

In the wholesale and retail field the awakening is now coming. There is no question about this. The wholesaler and independent retailer can match in economy, efficiency and merchandising ability any other system if they will only put aside false pride and old theories and ideas and work together. Unless they do they are doomed. If they should be pushed aside then our country will face the most serious crisis in its history. An issue of both political and social significance would have to be met. But I am confident the small business will measure up, and in a basis of sheer merit will go on to bigger things.

Trade Associations Are Growing

PRESIDENTS and secretaries of more than 400 trade associations, the largest representation in the history of the organization, attended the annual Washington dinner of the American Trade Association Executives at the Mayflower Hotel May 1.

At this meeting Montie L. Heminway, vice president of the association, announced the establishment of the "American Trade Association Executive Award," the anonymous founder of which recognizes "the great economic force of the trade association in industrial and commercial life and believes that the award will focus public attention on the work of trade associations, stimulate cooperation and inspire higher standards of purpose." The award is to be in the form of a bronze medallion.

The luncheon meeting of the association, held May 2 in the Mayflower Hotel, was devoted to reports of officers and committees. At this session Leslie C. Smith, member of the board of managers, national school, outlined the program for the summer school for trade association executives to be held at Northwestern University August 4 to 17. The board has increased the curriculum and secured the best qualified instructors for the courses.

Glenn W. Bittel, chairman of the program committee, outlined the plans for the tenth annual convention to be held September 26, 27 and 28. Frank Dunning, chairman of the membership committee, announced that 67 members have joined the association since the last meeting and that a number of applications are pending.

What the Trade Association Offers

By CHRISTIE BENET

General Counsel, Interstate Cotton Seed Crushers' Association

THINK it can be stated without fear of contradiction that the trade association has come to stay. All who have studied the situation feel that its contribution is such that no group of intelligent business men would try to do business without the aid of an association.

Voluntary group action is rapidly becoming the dominant force in industry.

The whole economic administration of the country depends on the cooperative principle. Trade associations have demonstrated that they can promote a more moral, more efficient, more stable economic structure to the advantage not only of the associations but of society.

These results are being obtained without defeating the essential features of the competitive process. Cooperation which is not in the public interest is not in the interest of the industry which promotes it.

Business Makes Its Rules

WHAT of the position of the Federal Trade Commission? Let me quote its own words, in speaking of Trade Practice Conferences:

The Trade Practice Conference affords, broadly stated, a means through which representatives of an industry voluntarily assemble, either at their own instance or that of the Commission, but under the auspices of the latter, to consider any unfair practices in their industry and collectively agree on and provide for their abandonment in cooperation with the Commission.

Since 1919 when the first Trade Practice Conference was held, 50 industries have availed themselves of this method and seven conferences are scheduled for May and June.

It is significant that the Commission has approved more than 300 rules of business conduct and that only 24 complaints involving violation of Trade Practice Conference rules are now pending. Two of these are likely to be dismissed and five have been set for hearing. No cease and desist order issued by the Commission and based on the violation of a Trade Practice Conference rule has ever been appealed to a court of record.

What are the strong points in favor of a Trade Practice Conference for an industry?

It is my belief that, to make a Trade Practice Conference effective, it is necessary to have a strong trade association to work up the rules to be considered at the Conference and then to help make those rules effective.

Trade associations operating alone cannot cover the entire industry. There are men in every industry, big and little, who will not join the trade association. The procedure developed so far in Trade Practice Conferences does not handle the man who takes no part in the Conference. However, once you call the Conference, these men either come and take part or they are slow to violate the rules set up by the Conference and then approved by the Commission.

Another strong point is that the members of an industry come in contact with the public because the interest of the Federal Trade Commission in all these matters is protection of the public interest.

A third point is that there is no other government agency to which you can go for assistance of the sort the Federal Trade Commission offers today.

And you do not get a perfunctory endorsement. You not only have the discussions and argument on each resolution introduced at the Conference but you have the consideration of the five members of the Commission and their staff who have had the experience of other Conferences by which they can decide whether your resolutions are sound and legal.

The dangers are that you are likely to rely too much on the Commission both to write the code and later to enforce it. Each industry must work out its own code through the efforts of its best brains.

There is no short cut to economic intelligence. No code passed by you or by the Commission or by you jointly with the Commission can make uneconomic, inefficient manufacturers competent and fit.

All this leads to some practical suggestions whereby the Commission can be made more helpful. Most of us in active trade association work and who have studied this question believe that the laws now on the statute books are sufficient for the work of the Commission and we certainly do not ask that the Sherman Antitrust Law be repealed.

We believe, however, that the facilities of the Commission should be extended by



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the addition of economists and lawyers who will take into account the modern methods of business and apply the laws of economics thereto—as well as those on the statute books.

Because this work is developing so fast, we feel that it might be desirable for the Commission to open up sections of its Trade Practice Conference work in cities where it now maintains legal staffs.

We feel that it would not be fair or wise to have those who happen to be close to Washington receive all the advantages that they may readily get there from the Commission and those in other sections have no access to such information and advice except by a long and costly trip.

We feel that the fine liaison which has existed heretofore between the Department of Commerce and the Department of Justice and the Federal Trade Commission might be extended and we suggest that it might be well to have representatives from those Departments participate in the Trade Practice Conferences of the Commission.

We feel that there should be provision whereby industries that do not feel it necessary to go through a Trade Practice Conference may have the right to file with the Commission voluntarily a statement of rules under which they are operating or under which they would like to operate.

It would greatly strengthen the whole conference idea if the Commission could add to those condemned trade practices, against which it frequently proceeds, one that is equally unfair—deception in connection with the violation of self-regulatory rules.

This probably would involve taking a test case to the Supreme Court, but if this practice could be put under ban a great step forward in the self-regulation of business would be gained. If possible this principle should be extended to apply to rules voluntarily filed with the Commission, if such a practice is developed, and even perhaps to willful violation of rules set up by industry in its standards of business principles.

Business Can Make Taxes Fair

By JOHN G. LONSDALE

President, National Bank of Commerce, St. Louis, Mo.

WHEN Pandora opened her box and released upon an unsuspecting world a host of troubles, taxation must have been among them.

For, in every civilized country the question of taxes has become of increasing importance until today we find it a major issue.

"Taxes," as Cicero put it, "are the sinews of the commonwealth."

They provide the revenue whereby our government, national, state and local, operates for our benefit and protection. Taxes increase with the growing activities of commerce and industry and complexities of civilization.

As taxes increase and our population multiplies, the chances for maladjustments and dissatisfaction grow greater and the need becomes more urgent for a careful study, not only of assessments and levies, but as to whether tax monies are being expended wisely and with real economy. In other words, it is necessary to investigate whether we are getting a dollar's worth for our tax dollar.

Into this picture comes business. Among the growing responsibilities of business is that of seeing that taxes are equitable and that, once in the coffers of the government, they are not squandered.

Perhaps it is with reference to expenditures that we find business men and their organizations making their most significant contribution to the development of a sound public financial policy.

A large part of our present condition in relation to taxes, may be blamed, like a lot of other things, on the World War. During that gigantic conflict, normal tax rates ascended to new heights and surtaxes were imposed until Americans were paying the highest levies ever assessed by any nation.

In the years that have intervened, efforts have been made to restore the tax structure to a condition where it will conform more closely to normal conditions and remove those inequalities which manifestly are injurious to our economic

fabric. With respect to federal taxation, some progress has been made.

But reforms and reductions have not been accomplished without a battle. Scarcely a village or hamlet has escaped the conflict that has raged over tax questions. Aldermen, town councils, state legislatures and our National Congress have vigorously debated new plans for relief, while charges and countercharges of mis-spent public monies have filled the air.



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John G. Lonsdale

Rising costs of government have brought forth champions of various plans, among these being the budget system, uniform accounting for governmental agencies, consolidations of related departments, centralized purchasing and other devices aimed at economy. Business agencies have been among the most vigorous exponents of these aids to better administration.

Whatever tangent our reform movements take, we must never lose sight of

the fact that no individual or industry should bear an unjust burden in taxation.

The history of taxation shows that taxes which are inherently excessive retard the development of business and industry on which so much of our prosperity depends. They drive the taxpayer to transfer his capital from productive enterprises into other things where there is either no tax or where the tax is less burdensome. There is always a danger point beyond which taxation should not go, a point that is the dividing line between profit and loss.

In the feverish progressiveness of a new age a tax has been placed, not only on our real estate, personal property and income, but upon virtually everything we wear or consume and upon our amusements. If the tax is not imposed direct, it comes in the way of higher prices to pay for a levy assessed against the manufacturer. Each year sees the development of new assessments; fresh burdens are shunted to the general property tax and occupations, and businesses are singled out for special taxation purposes.

The demand for higher and higher revenues, in the final analysis, has been

caused by the taxpayer himself. It is a result of the fast moving age in which we live, our desire for a higher standard of living. Concrete highways supplant the old muddy roadways; streets are widened and repaved in an effort to speed the autoist on his way; municipal plazas are constructed as a combined utility and beautification movement, and airports spring up at the edge of nearly every city and hamlet.

And so it goes, without end. To believe such aggressiveness could be pursued without increasing taxes would be idle fancy. Taxes *have* increased, as we all know. Statisticians have figured that our national government, our 48 states and 500,000 local governments are spending 12 billions a year, or \$40,000,000 each working day, and that, in order to meet these taxes, taxpayers must each contribute one hour's work each day.

Too Many Improvements?

WHILE I do not for a moment advocate a cessation of improvement programs and progressiveness in our different localities, I do urge a more careful study of the future with reference to these enormous costs we are piling on our own shoulders and upon those of future generations.

Fortunately such a study is being conducted by trade groups and associations of business men. With these organizations training their guns on all the maladjustments business is facing, tax leaks are being plugged up and new methods of economy and efficiency are being devised. It is a matter of record that more than one-third of the 1,600 organizations that comprise the National Chamber of Commerce are dealing with local problems of taxation and public expenditures.

An excellent example of what can be accomplished by concerted action and leadership is the extensive development of interstate reciprocity in inheritance taxation, now embracing 31 states, under the combined leadership of the United States Chamber of Commerce, the American Bankers Association, the Investment Bankers Association and the National Tax Association. This is encouraging not only for its own importance but also in so far as it signifies a growing willingness on the part of the states themselves to achieve greater equity in taxation.

It is, however, distinctly only a first step. Barriers to the free interstate movement of capital and goods, reared by a welter of unrelated taxes, must be thrust

aside. An analysis of our revenue system, if it may be called such, shows that more than three-fourths of tax receipts are derived from the general property levy. That being the case one would think there would be more uniformity in the laws and greater coordination of efforts among the authorities. Yet we find every locality has its own methods of making valuations and assessments, some of them outrageously discriminatory and unfair.

I am glad to note that the Committee on State and Local Taxation of the National Chamber is already busy trying to eliminate costly duplication and overlapping of duties in the tax machinery.

One of the classes upon whom the general property tax falls heavily is the farmer. A study of the farmer's plight was made by the Business Men's Commission on Agriculture appointed jointly by the National Industrial Conference Board and the National Chamber, two years ago—a commission of which I had

the honor of being a member. We found that taxes collected from farms in 1912, '13 and '14 amounted to about 11.2 per cent of the farmers' net profit. By 1920, taxes took 13 per cent of the farm income. And in 1925 and '26 taxes averaged 33.1 per cent of the net profits.

The banker is another who carries a heavy and often unjust tax burden. He is singled out for disproportionate assessments and inequalities and is penalized for providing adequate capital and again for accumulating a surplus.

Corporation Tax Hurts

IN CONCLUSION, I want to register my most vigorous complaint against the income tax, a subject which is very popular these days both with individuals and corporations.

The income tax on corporations is too high. Such a tax siphons out corporation revenue and the continuation of this un-

justifiably high levy is defensible only in the narrowest conception of expediency. Likewise the tax upon capital gains should either be abolished or materially reduced. Before the federal tax scheme becomes crystallized under the pressure of probable demands for increased revenue, this unjust discrimination against the corporate form of doing business should be removed not only in the vital and compelling interest of business itself but also in the interest of a plan of taxation more adapted to the uncertainties of the future. Here is an obvious responsibility of business.

Business men have accepted the challenge. They have thrown off their coats and rolled up their sleeves. Definite results are certain. Our leaders realize that the right of taxation is a sacred trust that comes next to a man's liberty. Having assumed the leadership and guardianship of this sacred trust, we know they will not fail us.

Business Goes on Record

The resolutions adopted by the Seventeenth Annual Meeting of the Chamber of Commerce of the United States

THE Chamber of Commerce of the United States views with great satisfaction the progress which is being made toward the establishment of real peace in the world and the constructive leadership in this direction which the Government of the United States has taken.

Reduction of Armaments

IT ENDORSES heartily the principles of The Treaty of Paris and the inspiring proposals consistent with that treaty which have been presented on behalf of our Government for the effective reduction of armaments.

American business has repeatedly declared its aversion to armed conflict and to profit making influenced by the misfortunes of war.

Fourteen years ago by referendum vote the Chamber declared:

That the United States should take the initiative in joining with other nations in agreeing to bring concerted economic pressure to bear upon any nation or nations which resort to military measures without submitting their differences to an international court or a council of conciliation and then awaiting the decisions of the court or the recommendations of the council as cir-

cumstances make the most appropriate.

The relief of humanity from the intolerable sacrifices of war and its inevitable burdens of taxation which for centuries have prevented the highest development of civilization represent the world's great challenge to the intelligence of statesmen. We pledge our unqualified support to our President and our Government in every effort toward the suppression of war as an instrument of national policy.

The Credit Situation

THE CHAMBER of Commerce of the United States recognizes the new problem of finance and credit, and the difficulty of preserving an orderly balance under these new conditions.

Stable currencies abroad are desirable for industry, labor, and agriculture here. Corporate financing has developed recent trends toward common stock issues. Large security trading naturally results from the increasing number of our people with new margins of savings seeking investment, but the capacity of the country to quickly absorb new security issues should be carefully weighed.

Basic industries, especially the smaller units of manufacture, distribution, and agriculture, should not be burdened with

unusually high interest rates resulting from security excesses.

The Chamber has confidence in the Federal Reserve System and its adaptability to new conditions, and holds that the system is entitled to the utmost cooperation.

For more than a year the Chamber has had a committee for the study of finance and credit. The meeting is gratified to learn that this report will soon be in form for presentation to the Board of Directors and asks that as soon as possible the Board place the report before the membership for its discussion and vote.

Policies Relating to Agriculture

THE CHAMBER's policies relating to agricultural problems have been adopted through the Chamber's representative procedure and they are being actively supported. These policies include advocacy of equality in tariff protection with other forms of American industry. For this purpose a tariff bill will soon come before Congress for debate. In the Chamber's policies there is also a recommendation for a new and important agency of the federal government to deal comprehensively with agricultural prob-

(Continued on page 71)

When Business Goes Abroad

By HENRY J. ALLEN

United States Senator from Kansas

THE American traveling abroad is made aware—sometimes pointedly—of the prevalence of an opinion that his country is utterly self-centered and selfish. I returned last year from an eight months' trip around the world as a member of the faculty of a floating university which had 500 floating students, 50 floating professors and seven courses of study.

We started out with the usual American obsession that we are the greatest people in the world because we are the richest; and the best educated people on earth because we spend more for mass education than any other nation. It was engaging to watch the reaction of this cross-section of American youth when they began to discover that no place else on earth are we thus regarded.

It was tremendously interesting as we went around seeking the international estimate in which Uncle Sam and his business is held to observe that almost everywhere the people were bouncing rocks off the head of Uncle Sam and calling him "Uncle Shylock."

Everywhere we went people kept asking the puzzling question, "will you explain the sudden increase in the United States of the imperialistic idea?" I had to tell them I did

not know what they were talking about because I had never even heard of it.

Finally, I was dining with a great official of the Government of Singapore and the Malay Strait settlement. He asked me if I was familiar with the rapid growth of imperialistic sentiment in the United States.

I said, "I have heard about this ever since I struck Asia and I do not know what it is about. Tell me in what fashion this growing spirit of imperialism in the United States manifests itself because at home we preach against it and the women's clubs pass resolutions against it and the editors write editorials against it. We hate the word. We think it belongs peculiarly to British institutional life."

He said, "Well, 96 per cent of the rubber grown in the world is shipped from Singapore and you use 75 per cent of it. More than 90 per cent of the tin of the world goes out of this port and you use three-fourths of that. American automobiles outnumber all other makes on Singapore streets. Over in Sumatra, an American tire company owns the greatest rubber plantation in the world and here in Singapore they are preparing to start a tire company which will be the biggest in Asia."

He went on with such illustrations until I said, "Of course I knew that we were doing a lot of business over here but where does that tie into imperialism?"

"Well," he said, "if that is not imperialism, what is it?"

I said, "That is peaceful penetration."

I did not tell him that we did not regard it as our duty to send an army after those who were employing peaceful penetration. I did not remind him what happened in the Boxer Uprising when we were the only nation that handed back to the rebuilding of the people the money paid us as our share of reparations.

In Bombay, India, I heard this same talk of imperialism. I talked to our consul general and he told me of the multiplication of American farm

machinery, the multiplication of motorized machinery, the multiplication of everything that has come out of the mass accomplishment of the United States.

We came on around to Egypt and found we were rather popular. They were so busy saying unpleasant things about the High Commissioner of Egypt and the British generally that they had no time to bother themselves concerning American imperialism.

That British High Commissioner whom they dislike so cordially is a wealthy man. He might be in London serving in the House of Lords with little to do, living on his independent fortune. But he was there burdened with many cares on the outpost of British efforts. I asked him

why he did this. His answer was significant and profound.

"I want to carry on here," he said, "so that when the excavators of the future dig me up they will say, 'Here was a Britisher who tried to make life better for the Egyptians while he lived among them.'"

So he is making life better. In Constantinople I found the Turk looking much like the Egyptian but the Turkish pound is worth 60 cents on the dollar and the Egyptian pound is worth 500 cents on the dollar. Much of that difference is due to the order and the experience and the standardized business intelligence with which Great Britain carries on in Egypt.

Contracts or Invasions

HENRY FORD has just bought a large acreage of rubber land in South America through an honorable contract with a de facto government. That contract is good for the state in which the plantation is located, economically good for the rubber industry.

Yet if a revolution breaks out and threatens that honorable contract and Henry Ford asks the Government that his contract be given some intelligent attention, you know that the first emotional uprising in a people who have read only the headlines will be that we are contemplating an evil action in South America.

So I believe that no better task challenges American business at this hour than that of creating in the popular American mind an adequate intelligence touching business affairs abroad so that we may have the same business morals abroad that we have at home.

If we are going to create intelligent standards of business morals abroad we will have to create an intelligent appreciation of what we are trying to do abroad.

If we are going into the markets of the world in obedience to the impulses of our mighty mass production we will have to take the intelligence and the conscience and the consideration of the popular mind and the popular character of America as well, that we may insist that those who represent us in foreign fields may represent us according to the great ideals of integrity with which business is carried on in the United States.



Henry J. Allen

The Impress of Science on Business

By C. F. KETTERING

Research Laboratories, General Motors Corporation

THE difficulty with the discussion of science and business has been that most people do not understand exactly what is meant by science. To clarify that point I will say that we regard anything we do not understand as scientific.

The apparent conflict between science and industry has been on just that one point. It dates back some six or eight thousand years to the time man first began to become conscious of his existence and make a few marks on a wall.

Every individual has three distinct entities, his physical being, his instinctive self and his intelligent self. Instinctive reactions have been at work for so much longer than intelligence that they always get the first seat in our mental reaction. Therefore the instinctive reaction is always to stay where we are, to do things the way we are doing and, after we are 40 years old, instinct says, "I wish I could get my business in shape so I would not have to worry about it any more," and sets up the idea that you can crystallize that business into a perfectly definite thing that will be self-operating. Intelligence says that is not true but instinct has the lead.

If you would analyze the situation you would find that the old maxim "there is nothing so constant as change" forbids and prevents ever crystallizing anything. Consequently, when you are discussing science and business, you are discussing the process of change and nothing else.

Modern business has had its departments of finance, production, sales and advertising but until very recently it has had no systematic department of change-making. That is the new factor which is being introduced into business. Your business will change whether you want it to or not and you had better study how changes come. Consequently you have to organize a department of systematic change-making. You can make the changes as you go along or you can allow your business to slump and then, by some heroic method, try to get back to where you ought to be. The only thing we are asking in modern business is that we shall have a systematic department of change-making.

What are some of the essentials of that department? In the first place you want to know not only what is going on in your own business but what is going on in every business. You do not need details but you need to know the trends other businesses are taking because many of the outside

influences will affect your own business.

The principle of research as applied to modern industry is relatively simple. Most people think of a research department as a chemical balance or a test tube or something of that sort. It is nothing of the kind. It is only a point of view from the management standpoint and if the management does not recognize what it needs to know, then there is no use to have a management.

You can generally establish a research department in a simple way by having a man whose job it is to travel around and find out what other industries are doing.

If you are willing to admit that some things are wrong with your business and wrong with your product and then start out and systematically fix those things, that is another way to get into the research business. You can fix them first by finding out what has been done by other people and seeing if it is applicable to your business. If the information is not avail-

able it may be necessary for you to go and buy a chemical balance, or a test tube or testing machine and gather that information. But the first principle is that it must be a point of view of management before you can hope to get results.

There has been a great deal of failure in research in industry because we have hired some technician from some reliable organization or institution and set him aside and said, "that is our research department."

There is an underlying and definite reason for those failures. We get a man out of a technical organization, put him in industry and expect him to realize our position in our industry and fix it for us. He cannot do it. We have to analyze our business and find out what needs to be fixed and give the man a specific problem within the range of his ability. Consequently the analysis of our problem and becoming conscious of the problem is the first step in the successful solution of it.

There are many other ways of looking at research. You can look at the great

procurement departments going out and buying materials. Research is simply the procurement department for new ideas and it is just as essential because as much money, as much progress and as much service has been rendered by new ideas as by the fabrication of materials. But you cannot wait until the day after you need the new idea before you start to get it. You have to have it long enough that it works into your business as a self-seasoned, fitting proposition that is harmonic with the rest of your organization.

You can look upon research also as a budgeting system for your industry, to budget your industry industrially the same as you budget it financially.

The first thing you must recognize is that your business is going to change. The next thing is that you must be able to find and to recognize what factors are going to make it change and then have those factors digested in your organization before the public demands the change.

We look at research from a slightly different angle. We look at it from the standpoint of providing additional facilities to take up the slack in quantity production. In other words we hear continual talk of the machine age, but it is our impression that more positions are created than are filled. Consequently research ought to provide a new type by which employment can be continuous.

That is done in this way. We say that in our particular line our chief job in research is to keep the customer reasonably dissatisfied with what he has. That is exactly what it is for.

I was taken to task one time by a banker. He said, "That is economically wrong. You put out a line of products and your customers are satisfied with it. They have not paid all payments on it, yet you bring out new models which depreciate the product which they have. Consequently the advance is paid for by a terrific depreciation in that which already exists."

That is not so. If we depreciated that product we would have to do something



C. F. Kettering

to it, which we do not do. If you have an automobile and we bring out a new one which you like better than the one you have we did not depreciate your old one. It is the same car you drove yesterday and it will be the same car tomorrow. What we did was to appreciate your mental attitude of what you can have.

What you think you are taking as a loss on your old automobile is part payment for your increase of mental perception.

If we did not change that automobile and you came into the market two or three years later, you would buy exactly what you have now. But you buy much more than that when you come into the market again and you are getting back in improved facilities, improved operation, improved everything more than you suffered in depreciation on your old car. That is true of every line of business. Consequently, that particular improvement would not be bad if we stayed static.

Values do not exist in material—they exist in the minds of the people who buy. Why do ideas of value change? It is perfectly simple. Every year about two and a half million new people are born into this country. Therefore in ten years, 25 million new people come in who know nothing of what you thought was good or what you thought was bad. They come with a fresh point of view, with a new conception of what they ought to have.

We sometimes forget about these new people. The day you were born everybody in the world was older than you were. You keep on thinking all the intelligence and all the development lie in the direction of "older than you are." When you are 26 years old there are just as many people younger than you are as there are older than you are. That is the half-way point. When you are 40, eighty per cent of them are younger but you are still thinking of the gang that is older than you are as being the dominating factor. They have nothing at all to do with it actually.

Let the Young Run It!

COUNTLESS people today do not recognize that simple principle, and are not bringing any new people into their organizations at all. Every general manager ought to resign soon after he is 50 years old and become an instructor instead of a manager. Let him put into the business the instruction and advice which he can give from past experience but let the people who understand the buying generation which is all younger than he is manage the business.

Science is trying to give to that two and a half million new people who are coming into the world each year the things that rightfully belong to them, because in that same year some new improvements and some new developments have come which are their birthright. You have to keep that up year in and year out as a regular proposition.

Every once in a while we find an institution that says, "after we make this change, we can settle down for a little while."

All the way along the road of life people are looking for park benches where they can sit down and rest. There is only one place where there are any park benches, and that is immediately in front of the undertaker's office. If you do not like to travel the rate at which you have to travel, stamp out of the line and be a good spectator and adviser of those who want to stay in the race. You cannot slacken the speed because Nature fixed it when it put 24 hours in the day and 365 days in the year. You have nothing to do with it. You are going to be 24 hours older tomorrow no matter what you or the United States Congress may think about it.

If you recognize that dominating force which time has in the picture, then you will understand why you cannot stop change.

Will Change Stop Changing?

PEOPLE say, "How long can you keep up this change?" I have not the slightest idea. We do not know anything about anything yet. Each year we do many things which the year before we did not think we could do at all, but the great difficulty with the average human being is that he is a little bit puffed up in thinking of what he does know.

Consider this modern wonder, radio. We look upon that thing as brand new. The first flash of lightning was the first radio broadcasting system. We do not invent these things. Those fundamental laws of Nature have been in operation ever since the world started. We only discover them.

What are the possibilities for us? We have no idea. We are just beginning to learn how to measure things and analyze things. We know nothing about the great subject of metallurgy, which controls the main structure and elements of our great organizations. We know nothing about chemistry. So the future is going to bring along with it new things and new points of view which are going to affect our industries. They are going to affect merchandising and distribution and every one of those things provided we recognize their potentialities.

So, in setting up any business, we have to look upon it as an everchanging servant which has to meet the demands of the particular things we have in hand.

We are doing things today that you could not imagine possible. I could give you a thousand illustrations. The difficulty is that we have not the imagination. We read the Arabian Nights and think that is a story in a book. It is not. It is a principle. Aladdin's Lamp was a story, of course, but there is a psychological principle back of that which is this—when you keep on wishing for a thing, you get it.

If you are satisfied with what you have, you stay where you are. So we need a mental Aladdin's Lamp that makes us wish for the thing we need. If it is fundamentally sound, we will get it.

We are working against a psychological thing. I want to tell you one little story because sometimes in a chamber of commerce as large as this we feel our importance and I like once in a while to have us see where we are and the great universe in which we live.

We are living on a very small speck of material associated with a sun and we call it the Solar System. In this same system in which is our sun—it is just a common, ordinary sun, not very big—there are something like four or five million, more or less, suns of the same kind.

Last year Roy Chapman Andrews found in the Desert of Gobi a great dinosaur skeleton and the geologists looking over the strata in which he found it estimated that it had been there 80 million years. They said, "It is petrified and nothing of any vitality could be existing for 80 million years."

But Harvard University has a desert astronomical laboratory down in Africa. Last year they photographed a spiral nebula. The light that affected the photographic plate in that camera last Summer left its source 100 million years ago. Light travels at the rate of 186,000 miles a second and if you reduce 100 million years to seconds and multiply the result by 186,000 miles you will have the distance in statute miles.

We're Just a Spec on Time

IN OTHER words, the light which affected that photographic plate last Summer left its source 20 million years before the dinosaur was born.

The human race has been conscious of itself for about 8,000 years. If you put that 8,000 years into that 100 million years and stir it up and turn it over to a chemist to analyze, he will analyze it and say, "that looks to me like pure time with the exception of just a slight trace of impurity"—which we call civilization.

If you would take the 2,000 years of the Christian era and dissolve it in that 100 million years, he could not ever find a trace of it. Yet we are trying to project where we are going over a period of four or five years, just exactly like surveying over two stakes sitting in the same hole.

You cannot tell what is going to happen and what you are going to do. The only thing to do is to take the fundamental, natural law and decide that you are going to be open-minded enough to recognize that things do change.

The other thing you could be open-minded about and have faith enough in is that whatever is within the range of the human mind to imagine can be done. As long as those two things exist civilization is going to progress and you and I are going to enjoy newer and better things.

What Government Asks of Business

By JULIUS KLEIN

Assistant Secretary of Commerce

WE have heard much in recent years about the intrusion of Government upon business; how hateful politicians and blustering bureaucrats have nosed their way into the marts of commerce and have set up various types of monopolistic controls and regulatory arrangements exerting a baneful influence on business. I venture to suggest the possibilities of danger of contacts between the two in the opposite direction.

Are there not certain phases of intrusion by business in the Government which might well be observed with caution? There have been times in history when intrusions by business into the affairs of Government have led to grave disasters for both parties. It seems to me that it behooves business to be unusually alert, not simply as to the manifestations of paternalism from these bureaucrats and politicians but that it be particularly watchful of suggestions of paternalism proceeding from the business organizations themselves to the Government.

Socialistic Business Man

EVERY day the Department of Commerce receives at least one major proposition of exactly this description. In all too many cases these come from otherwise sober and sensible business executives and trade associations. If we were to carry out even a small percentage of them, the budget for the Department of Commerce would be quadrupled almost over night and its agents would permeate every corner of the United States. These suggestions are paternalistic to a degree, emanating from the very elements which should be the first to discourage intrusion of this sort by the Government.

If we carried them out you would find the Department of Commerce building wheel chairs for infirm businesses from now on.

Occasionally it is our job to supply eyeglasses for industry to let it read the facts and see that the facts are there to be read. In other words, the function of the Department, as viewed by those intimately associated with it, is primarily one of discovering the major facts in any given problem, of indicating practices that have been followed by other industries or in other lands. But it is not our job to wheel along some chronically ill in-

dustry and take care of it so that its legs will wither and it will never be able to take care of itself.

We have on occasion been asked to send specialized trade commissioners abroad and we are right now in the midst of a large program of that sort. But this program is canvassed every year to make sure that these commissioners do not permanently allocate to themselves functions which the industry itself should undertake.

We get about 13,000 queries every day. A large proportion of them are highly complicated and must be carefully analyzed. We are certain to find hundreds of them that should legitimately be directed to the trade promotion facilities of private business. It is our job to make sure that private business does bear its own burden in the interest of the general taxpayer for one thing, but, more important, in the interest of the spirit and initiative of business itself.

It is necessary that business make sure that the Government is not saddled with too much to do—not called upon to undertake the collection of data that business itself should properly collect. We have had any number of instances of fine collaboration in this respect. Our experience in the past eight years is replete with splendid illustrations of the way industry responds to invitations to run its own affairs or to tell the Government how it should run the affairs of business.

One of the best evidences of this fine collaborative spirit throughout business in the United States is the fact that we have no caste of government officials.

This is no reflection on the career man in the Government. He has his place there but you find business men going into Government and government men going into business constantly and I hope to mutual advantage. Certainly we in the government service thank business for lending us such outstanding leaders as Colonel Lamont, Mr. Houghton, Mr.

Morrow and any number of others. These are all instances of the value of a close tie-up. This is a part of that fine heritage of industrial and commercial democracy which we have had in America since the beginning of the nation.

Our first settlements were laid out on principles of Government and the relations between government and industry of the most liberal type.

The very cornerstone of the Republic was founded in the cement of better business—the relationship of Government to business, so carefully stipulated in the Constitution itself.

It is gratifying that the circumstances out of which our nation grew and the various stages of its evolution all contributed to that fine individualism in business, that careful segregation of government authority so far as possible and insofar as it involved any hampering of individuality in business enterprise.

Business was glorified as it never had been before in the history of man, perhaps, and it was no longer a crime to be creative, to reach out and ex-

ploit resources and open up the way for civilization.

It should be doubly gratifying to us today that this same initiative has abundant opportunity to carry on with a minimum of intrusion or restriction by Government excepting insofar as grave public interests dictate.

The Chamber Guards Industry

THE Chamber of Commerce has distinguished itself by its operations throughout its history against paternalism, against too much regulatory inclusion of Government upon industry. Of that all of us in the government service are in accord.

But may we also suggest some little vigilance occasionally in industry itself, a little introspection on occasions to make sure that there are not too many inspirations of invitation to paternalism emanating from the ranks of industry.



Julius Klein

Farm Aid and the Cooperatives

By EDWY B. REID

OPPPOSITION to the provisions of the farm relief bills under consideration by Congress was voiced frequently by representatives of farmers' cooperative marketing associations at the round-table conference on the broader phases of cooperative marketing before the agricultural section at the Mayflower Hotel April 30.

Protest was voiced against the proposed stabilization corporations in which the cooperatives would hold stock and for whose success or failure they would be responsible. Proposed government loans to cooperatives to pay expenses of soliciting farmers to join associations was condemned, as were also those provisions of the relief bills which would give the proposed Federal Farm Board authority to establish clearing houses of marketing information.

Several speakers representing cooperatives expressed a desire for a minimum of interference and regulation. However, they frequently voiced the opinion that the Government should aid agriculture and cooperatives to the same extent that private business is assisted by the Department of Commerce, through the operations of the tariff and in many other ways.

Opposing these views, J. C. Swift, of Swift & Henry, live-stock commission merchants, declared that the "theory of cooperative marketing is perfect but it all checks back to the individual. We are operating under the baneful effect of a paternal atmosphere. Cooperative marketing will not have proved itself until it stands upon its own bottom. All old-line business desires or should have is fair play and no favors."

Like Treatment Claimed

CHARLES W. HOLMAN, secretary of the National Cooperative Milk Producers' Federation, maintained that the Government renders no service to cooperative marketing organizations that is not duplicated for private business.

"We cooperatives do not believe county agricultural agents should solicit marketing contracts for us; they should merely be informed concerning our business activities. We do not wish the Government to set up clearing houses of market information for us or organize cooperatives. In fact, we have asked Congress to clear away artificial barriers."

"We need only to apply sound business

sense to bring about conditions a little more favorable to producers on the farm," said Murray D. Lincoln, secretary of the Ohio Farm Bureau. "We feel that we have worked out a place for the cooperatives in Ohio—a place of service to 50,000 farmers.

"We handle 125 million dollars' worth of products to the advantage of our members. Our failures or our successes in rendering a service, bringing the producer a little nearer to the consumer's dollar, will tell the story in the long run."

Real Cooperative Marketing

COOPERATIVE marketing does not involve merely the gathering of commodities and selling them collectively, Charles A. Ewing, of the National Livestock Producers' Association, of Decatur, Ill., and William McComb, dairy adviser to the Arkansas Bankers' Association, pointed out. It begins with the production of the product and should be carried through to the consumer's table.

P. O. Ewing, of Louisville, Ky., pointed to the activities of the Louisville, Ky., Chamber of Commerce, the L. and N. Railroad system and local bankers in introducing pure-bred dairy stock as a preliminary to better marketing.

Discussing the basic function of the cooperative association, Charles W. Holman said, "The fundamental difference between the cooperative operating under a state charter and the corporation is that in the former one individual has only one vote regardless of the amount of stock he may hold.

"The cooperative seeks to obtain somewhat higher prices for what it sells and possibly lower prices to the consumer. It seeks to widen markets, improve products, straighten kinks between members and obtain a slightly greater share of the income of the country."

Dr. F. B. Bomberger, director of agricultural extension work for the Maryland College of Agriculture, offered the opinion that cooperation does not begin with production or selling but extends to rural life.

"Interest in cooperation is not confined to the farmers alone," he said. "The city man cannot be blind to the need for cooperative marketing and production. Best results are obtained when private business and the farmers cooperate."

"Is it better to have concerted marketing action by the farmers of a community or have 100 peddlers purchasing the farm-

ers' products and giving them very little for them?" asked Robert H. Bean, executive secretary of the American Acceptance Council.

"Well managed farmers' cooperative marketing organizations have no trouble in getting loans on their products. The Federal Reserve system is squarely behind such organizations. Poorly organized cooperatives offering their paper for loans are treated the same as any other business concern that does not have its house in order. When properly organized, farmers should be and probably will be given the help they deserve."

J. S. Crutchfield, president of the American Fruit Growers, Inc., said that cooperatives are governed by the same economic laws that govern other business agencies.

"All marketing problems are complex, usually involving transportation, selling, storage and financing. Cooperative marketing is rapidly getting into the big business class and we welcome the opportunity to exchange experiences through the offices of the United States Chamber of Commerce."

The Cooperative's Justification

"IF THEIR own business isn't worth enough to farmers for them to put their own money into it, it isn't worth while," declared John Brandt, president, Land O'Lakes Creameries, a cooperative which requires producers to invest a small amount in stock.

"A cooperative must adhere strictly to business principles, render service, and get more of the consumer's dollar. If it does these things, its existence is justified. A cooperative can't affect adversely a middle man who is rendering a service."

Speaking of government aid, Mr. Brandt stressed the need for ample federal protection against foreign competition. The same tariff views were held by W. F. Shilling, of the Twin Cities Milk Producers' Association of St. Paul.

Mr. Shilling referred to the troubles experienced by several cooperative marketing organizations before the Capper-Volstead amendment to the Clayton Antitrust Act which legalized, or rather clarified, the language pertaining to the right of farmers to associate for the purpose of marketing or processing goods.

Nils Olsen, chief of the Bureau of Agricultural Economics, touching on this subject, declared that cooperatives cannot, under the amended Act, enhance

prices unduly without an investigation by the Secretary of Agriculture, who, if he finds prices unduly high, will issue an order to cease and desist. If this is not effective the law will take its course as with any other business concern.

Mr. Olsen considered the tax-exemption privileges enjoyed by cooperatives as largely "imaginary" since they are non-profit organizations. "The members pay taxes upon their physical properties, and if they arrive at the happy stage of paying federal income taxes, I'm sure they will be willing to pay their share."

After reciting the numerous activities of the Government and particularly of the Department of Agriculture, Mr. Olsen insisted that comparable services are rendered by the Government to private business. He also stated that the 12 Federal Intermediate Credit Banks have rendered a large service in making funds available to cooperative associations and in getting other banks to recognize the soundness of warehouse receipts offered by these marketing organizations.

Judge John D. Miller, counsel for the National Cooperative Milk Producers' Federation, declared that, "No group is

discriminated against if it is simply given laws according to its needs. No country in the world has as highly perfected laws pertaining to cooperative marketing as the United States. They grow out of a need. The individuals holding the stock in a corporation cannot meet and fix the price of the product to be sold, but the corporation acting for them can do so. Farmers as individuals would have no more to say about price than stockholders in a corporation but as members of a cooperative organization they have the needed collective bargaining power.

"The amendment to the Capper-Volstead Act was needed to permit farmers who produce severally to market as a group. The Act, however, says that a cooperative shall not sell more for non-members than for members. It was so worded to prevent cooperatives from buying and selling for profit and to restrict the business to that of the members, in the main. We fear we would be going beyond that realm should the cooperatives set up stabilization corporations, as provided in the pending farm relief bill, and deal in a great volume of business."

J. W. Shorthill, secretary, Farmers National Grain Dealers' Association, declared that the laws governing cooperative marketing in the United States are more comprehensive than those of any country and yet they could all be eliminated "for they contribute about one per cent of the basis of the success of such organizations." He maintained that the Government is justified in making expenditures to help farmers who cannot aid themselves but that it should do no more than show the farmers how to organize for mutual benefit.

Commenting on proposed federal farm-relief legislation, D. N. Lightfoot, of Springfield, Mo., said:

"I am for cooperative marketing, with reservations as to federal subsidy and immunity from application of antitrust laws. With this subsidy idea, taking money from income taxes paid by one industry and using it to foster another industry in order to put the first into bankruptcy, we have a situation not far removed from the principle of fostering one industry to prosperity and then destroying it with the idea of putting something else in its place that might not be as good."

The Trade Practice Conference

By WAINWRIGHT EVANS

THE round-table discussion on trade practice conferences, held at the Mayflower Hotel on April 30, developed into a lively tilt over the methods of the Federal Trade Commission. The net results were that everybody seemed to agree that the system of trade practice conferences was all right, and that the Federal Trade Commission was almost all right.

Just enough verbal dynamite exploded to insure a good time being had by all; but none exploded with sufficient force even to threaten the close-knit spirit of the round table.

One notable feature of the meeting was a spirited discussion which developed between Col. Nelson B. Gaskill, formerly chairman of the Federal Trade Commission, and Abram F. Myers, also a former chairman of the Commission.

Colonel Gaskill expressed himself as heartily in favor of the trade practice conference.

"The trade practice conference," he said, "seems to me the most valuable agency in self-government yet devised for industry. I have great faith in its possibilities if the Federal Trade Commission will



permit it to develop its true field of usefulness.

"I think the present policy of the Commission in this matter may be criticized on two grounds. First, the Commission is unnecessarily limiting the scope of industrial agreements. The Commission limits industries engaged in trade practice conferences to trade practice agreements which the Commission knows forbid practices that already have been found illegal, and which can therefore certainly be enforced.

"But that is not enough. Industry is entitled to make any trade practice agreement which does not unreasonably restrain competition under the antitrust laws. There is a wide difference between the limited field of agreements which the Commission can enforce, and that larger field of agreements which, while not clearly enforceable under the law, are nevertheless not in restraint of competition. This distinction is vital; and the courts have already made it clear that there is a difference between combinations in restraint of trade and combinations which seek to establish beneficial economies in industry.

"The second point of my criticism is that the policy of the Commission to modify rules which are adopted by an industry in trade practice conferences, and to make new rules for the industry, constitutes a new and unwarranted form of government regulation. Rules so modified are announced as the rules of the industry. The industry, by this system, is required to abide by rules it has not formulated, but which the Government has formulated for it.

"I suggest, as a means of changing that

situation, that there should be legislation to limit the Commission to expressing its opinion as to whether any proposed rule is or is not an unreasonable regulation of competition. Rules that draw a dissenting opinion from the Commission would be referred back to the industry for restatement. There should also be a change of law by which an approved rule would become an unfair method of competition, so that it could be tested in court."

Mr. Myers in reply declared that in his opinion the Commission has no desire to prescribe rules for business.

"It is true," he said, "that slight changes have been made in some resolutions submitted. But that was necessary because some of the rules adopted have been of a kind that would probably not be upheld by a court. The Commission is naturally and properly concerned that any rule it sponsors should certainly be enforceable under the law."

Mr. Myers, like Colonel Gaskill, appeared to feel that the functioning of the Commission ought to be made as flexible as possible, with a view to finding fresh solutions to the problems it has to deal with. He did not agree with the opinion often expressed that the legal basis of the trade practice conference is doubtful.

"It was not necessary," he said, "that there should be definite provision by statute for what is simply an administrative method. The Federal Trade Commission Act was not intended by its framers to be a rigid or a static thing. On the contrary it was purposely written in such a way that it would be as flexible as possible, to the end that there might grow up under it a body of practice which would meet the needs of modern industry. There was no other way because nobody could formulate a law capable of meeting all the complexities of the situation. Nobody knew what was needed because nobody could foresee what would happen. What we got was a flexible law, capable of expanding as it was applied."

"It was clearly wise and reasonable that the federal trade practice conference, by constantly reaching out for new ideas, should build up a body of trade usage and legal precedent which could gradually be codified in law. A too rigid interpretation of law is fatal to such a process. By constant experimentation we make progress."

Many speakers told from the floor of the results which trade practice conferences have worked in their respective industries. The general testimony was that under this system practices had been

abandoned which no individual had dared to abandon by himself; and that as soon as commercial bribery, rebates, dumping, selling below cost, and other cut-throat practices were stopped by trade practice agreements individuals in the industry began to make money. Such evidence was forthcoming from a list of industries that ranged from millwork to barber and beauty shop supplies. There apparently were no dissenters.

Christie Benet, of Columbia, S. C., who presided as chairman of the conference, said that there have been 50 trade practice conferences since the system started in 1919, that seven more are now pending, and that there has never been an appeal made to a court of record on rules which have been adopted by those 50 industries and sanctioned by the Federal Trade Commission.

Henry P. Fowler, of the Chamber's Committee on Trade Relations, acted as secretary of the meeting.

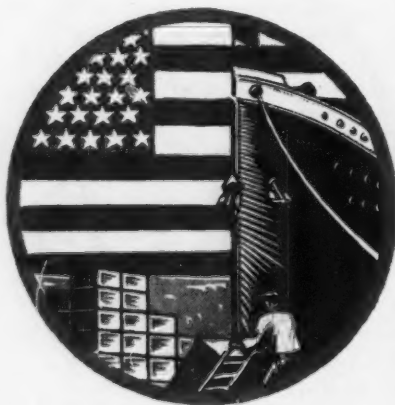
Among those who addressed the group were S. C. Gilmore, of Philadelphia; S. F. D. Meffley, of Chicago; W. E. McCollum of Chicago; William L. Sweet, of Providence, R. I.; J. E. Lockwood, of Wilmington, Del., and North Storms, of Chicago.

Expanding the Nation's Industries

By L. W. MOFFETT

Washington Editor, The Iron Age

OBSCOLESCENCE of machinery is the most important question industry faces today, Prof. R. H. Lansburgh, of the University of Pennsylvania, told the 230 business men who met at the New Willard Hotel on April 30 for the round-table conference on industrial extension problems. The rapid changes in processes, the effect of new equipment in extending industry, and the replacing of men with machinery in order to increase output, reduce costs and expand markets were pointed to as factors which high-tensioned industry of today must constantly recognize if it is to keep step with modern manufacturing methods. These conditions mean quick replacement of machinery, which may have been used but a few years, by improved mechanized units. This consequently results in faster obsolescence. Indeed machinery becomes out of date so soon, in the opinion of Professor Lansburgh, that Treasury tax rules do not allow industries the deserved latitude



in writing off the item of obsolescence.

Opportunities, Professor Lansburgh said, are unlimited for industrial expansion of established plants through modernization of equipment and management. He declared that "they must get on the band wagon of modern ways and modern methods." Chambers of commerce should lead in the movement, he said.

Capt. W. E. Wells, of the Homer Laughlin China Company, East Liver-

pool, Ohio, called attention to the many factors that enter into plans for industrial extensions. He urged cooperation between local chambers and trade associations in the interests of broader information concerning these factors. Local chambers can readily obtain data concerning industries contemplating extensions from the trade associations of which such industries are members, the speaker said, and also from the Department of Manufacture of the Chamber of Commerce of the United States.

Energetic officials of local chambers seeking a new industry, Captain Wells pointed out, seldom take into account what its demands may be. The most solicitation for new industries, he said, comes from chambers in new cities. These chambers, he declared, are wasting a lot of time, money and stationery. Too often they solicit industries for which their communities are not suited.

Mr. McCullough, asked by Mr. Parr of Richmond, Calif., as to how far local chambers may go in getting valuable in-

formation for local industries from the National Chamber, explained how the National Chamber operates in supplying facts. The National Chamber, Mr. McCullough said, proceeds under the slogan that "Business wants to be informed but not instructed." The National Chamber obtains and transmits the desired information to the local chambers and lets them develop their own conclusions. Competitive conditions of industries, whether they are up-to-date or not, their facilities, and related data are supplied. Matters such as production costs and engineering problems are not dealt with, however.

In opening the discussion as to whether industrial plants are suitably located, A. L. Scott, of Lockwood Greene Engineers, Inc., pointed to the history of the great industries, such as automotive and steel, and said that their success since the World War proves they are well located. The same was declared to apply to industries generally. Statements to the effect that around 80 per cent of all factories built prior to 1920 are uneconomically located for efficient operation and marketing were declared unjustified.

Col. L. S. Horner, president of the Niles-Bement-Pond Company, New York, mentioned the importance of determining the capacity of industries it is proposed to bring into communities and measuring that capacity against the demand for their product. The American machine tool industry capacity was said to be about 40 per cent in excess of any possible demand for some time to come. It was stated, however, that some machine tool plants are operating at capacity.

Credit was given by Colonel Horner to President Hoover, when, as Secretary of Commerce, he brought about a great change on the part of industrial executives in the matter of disclosing information. The work of the National Chamber and of trade associations also was commended as having had important educational influences on executives.

Chambers of Commerce are not and should not be standardized said A. V. Snell, secretary of the Chamber of Commerce of Pittsburgh. Principles governing their efforts to acquire or build modern industrial plants largely are based on the necessity of studying needs, making sure there is a sufficient demand for such industries and cooperating with the industries in solving their problems. In expanding industries, he said, there is hardly a town that does not have opportunities.

The human factor must be considered when local chambers seek to acquire new plants, the speaker continued. There are industries, he said, which are located in places for no logical reason, yet have grown up in the communities and will not leave and shouldn't be asked to.

The value of proper living conditions, recreation, and contentment of employees was pointed to and the promotion of these was cited as a work that chambers and trade associations could well take up.

Exceedingly dangerous, Mr. Snell continued, is some of the pressure being brought to bear on local chambers to grab industries. Such grabbing was said to have become a merry-go-round affair. The best course, he said, is for chambers to build up local industries already estab-

lished and then to go out after new ones.

J. A. Gawthrop, secretary of the Chamber of Commerce of Greensboro, N. C., said that local chambers seeking to acquire new industries should first determine the state of the market for the products of such industries. Next they should ascertain if the particular firms they are considering can produce their product so as to meet competition. Furthermore, he asserted, local chambers should guard against introducing into their communities industries that will bring about labor or other disturbances. Chambers of commerce, he continued, should exercise care in the encouragement of the sale of securities of new enterprises.

Citing the experience of the Chamber of Commerce of Atlanta, Ga., of which he is a director, William Candler said that its "Atlanta Forward Movement" was based on the idea that industries should not be encouraged to locate unless there are sound reasons for doing so. Chambers should present their arguments, he said, and let the industries decide for themselves whether certain centers are suitable for their purposes.

Pointing out that the subject of plant extension has been one of much discussion, William Black, president of B. F. Avery & Sons, Inc., Louisville, Ky., and who presided over the conference, said that an old plant may add 500 men to its payroll without getting much, if any, publicity. On the other hand if a new plant that employs only 50 men is located in a community, it gets great publicity. The surest line of productivity, he said, is through the expansion of old industries.

Government and Transportation

By STANLEY H. SMITH

Washington Correspondent, The Traffic World

SUPPORT for a privately owned and operated American merchant marine was urged and political interference with the Interstate Commerce Commission in the regulation of railroad rates was condemned at the round-table conference on government influence on transportation arranged by the Transportation Department of the United States Chamber of Commerce and held in the Willard Hotel, April 30.

Fred W. Sargent, president of the Chicago and Northwestern Railway, presided and Richard Waterman, of the National Chamber, was secretary.

Discussion of ocean shipping problems centered about the report on "Handicaps to American Shipping" prepared by the

Transportation and Communication Department committee of the Chamber. C. W. Lonsdale, president of the Simonds-Shields-Lonsdale Grain Company, of Kansas City, Mo., the first speaker, declared that American business is to be congratulated on the steps the Government is taking to get out of the ocean shipping business.

Edwin H. Duff, of the American Steamship Owners' Association, told the conference that passage of the Jones-White act has done more to advance the American merchant marine than any other single thing in 50 years.

"Under the ocean mail contract provisions of the law," he continued, "the Post Office Department has awarded 24 contracts calling for 869 voyages annu-

ally and the construction, with the aid provided under the construction loan section of the act, of approximately 40 new modern vessels. While the mail contracts were of tremendous advantage, generally speaking, the legislation does not meet the needs of tramp cargo vessels."

He expressed the hope that some means would be evolved for aiding that class of vessels in meeting the increased cost of operation under the American flag as compared with operating costs of foreign competitors.

M. J. Sanders, of New Orleans, opposed this view.

"If tramp vessels under the American flag are subsidized," he said, "the revenue of the regular shipping lines purchased from the Shipping Board would

be endangered. That sort of competition should not be created."

Malcolm M. Stewart, manager of the foreign trade department of the Cincinnati Chamber of Commerce, presented a resolution commending the Shipping Board's policy in disposing of its lines to private interests. This resolution, favorably accepted by the conference, called attention to the fact that the Board has sold 20 shipping lines in five years and will probably be able to dispose of eight or ten more within the next year and a half.

The resolution favored continuation of the Board's essential lines until they can be transferred to private ownership and additional legislation passed to aid those not benefiting from the mail contracts under the Jones-White law.

Government Operation Opposed

JAMES H. MacLafferty, of the Ship Owner's Association of the Pacific Coast, expressed hope that a legislative program providing aid for cargo vessels would be ready for consideration by Congress at the regular session beginning in December. He opposed continued government operation of the Panama Railroad Steamship Company in competition with private lines under the American flag, asserting that there is no necessity for continued government operation of that enterprise.

Henry C. Hunter, counsel for the National Council of American Shipbuilders, and Emil Albrecht, of the Philadelphia Bourse, also spoke in favor of aid for cargo ships not benefited by the Jones-White act. Mr. Hunter asserted that something more direct than a mail contract seemed necessary for such vessels and Mr. Albrecht urged that the Shipping Board study the difference in cost of operating these vessels as compared with costs of foreign competitors to determine how much of a straight subsidy might be advisable.

Opinion was not unanimous as to the need of modifying the La Follette seaman's act, D. H. Barger, Sharpsville, Va., farmer, said the act must be modified or a subsidy paid. Ira Campbell, counsel for the American Steamship Owners' Association, however, declared the act was not half as bad as it had been painted and asserted that the only changes necessary were those dealing with part payment of wages to seamen on demand at ports and the watch requirements of the law. Neither of these changes would affect the seamen adversely, he indicated.

John Nicolson, director of the bureau of traffic of the Shipping Board, discussed the advantages which the present watch requirements give Canadian vessels over American vessels operating on the Great Lakes.

William B. Winter, speaking for the Association of Marine Underwriters of the United States, told the conference

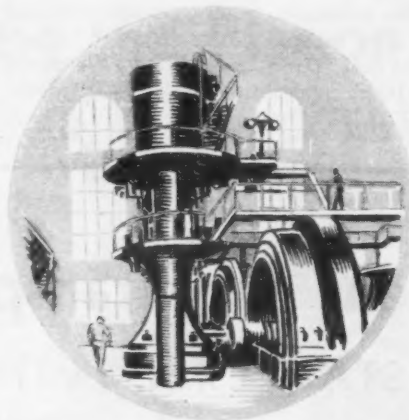
that, while the Shipping Board is getting out of the ship operating field, it is getting into the marine insurance business and providing insurance at less than cost.

"In fact," he asserted, "The Board, under the guise of insurance, is giving a subsidy of about 30 cents on the dollar."

He urged support of the proposal that the Board should withdraw from the marine insurance field.

On invitation of Chairman Sargent, Julius H. Barnes, formerly president of the Chamber of Commerce of the United States, addressed the conference. He expressed himself as immensely pleased with the progress made in getting the Shipping Board lines over into private hands on a basis promising successful maintenance of an American merchant marine.

The conference adopted a resolution offered by A. W. Robertson, vice chairman of the transportation and communication department committee, approving the recommendations in the report on "Handicaps to American Shipping" and declaring that, except a few ships considered as reserves, the vessels of the Government's laid up fleet should be scrapped or sold for scrapping. The resolution also approved the contract principle in completing disposal of Shipping Board ships; reduction in the number of Board mem-



bers when the lines have been sold, the Board to continue as a regulating agency; removal of the Panama Railroad Steamship Company from the shipping business; revision of the navigation laws; changes in the seamen's act; legislation for adoption of the Hague Rules in form suitable to American conditions; fixing of Panama Canal tolls on a basis of cost of service rendered; withdrawal of the Shipping Board from marine insurance business; necessary appropriations for the Merchant Marine Naval Reserve, and a declaration that the provisions of the model marine insurance laws now in force in the District of Columbia and several states should be adopted by all states.

Mr. Stewart opposed reduction of the number of members of the Shipping

Board and the declaration that the Board should get out of the marine insurance business, but a motion offered by him to change the resolution failed to bring forth a second.

A resolution offered by Ira A. Campbell, counsel of the American Steamship Owners' Association, calling on Congress to establish national nautical schools for the training of merchant marine officers, was also adopted.

R. C. Fulbright, of Houston, Texas, led the discussion on the railroad committee's report on the Hoch-Smith rate revision resolution. The committee, of which Mr. Fulbright was a member, analyzed this resolution and set forth several interpretations of it.

If the resolution should be finally interpreted as requiring the Interstate Commerce Commission to make rates on the basis of the condition in a given industry at a given time, the committee, Mr. Fulbright said, was unanimous in urging its repeal. On the other hand, if the resolution simply directed the Interstate Commerce Commission to make an investigation for the purpose of removing discrimination found to exist, he said, the committee believes that there is no necessity for repeal.

The committee's resolution, declaring against interference by Congress along the lines of congressional rate making with the Interstate Commerce Commission, together with the committee report, were adopted as a whole by the conference.

The tendency toward improper congressional interference with the Commission was discussed by Samuel O. Dunn, editor of *The Railway Age*, who regarded the committee's resolution condemning such action as most important.

Repeal of Measure Urged

THE Hoch-Smith resolution, in the opinion of Mr. Barger, should be repealed because, he said, it would ultimately lead to chaos. He said he opposed the resolution as a farmer. Repeal of the resolution, said J. P. Haynes, executive vice president of the Chicago Association of Commerce, would be the "ideal situation."

However, in his opinion, since the resolution was enacted ostensibly as a farm-relief measure, there would be little chance of obtaining repeal until Congress enacts farm-relief legislation.

In addition to condemning political rate-making in the resolution offered by the committee on railroads, the conference adopted a resolution opposing enactment of legislation calling for elimination of the railroad surcharge on travel in parlor and sleeping cars—called the Pullman surcharge—and for reference of that controversy to the Interstate Commerce Commission for solution. This resolution also declared against legislative rate making.

A Sane Conservation Program

By IRVIN D. FOOS

Washington Editor, India Rubber and Tire Review

THE courage of the petroleum producers in attempting to establish stability in their industry in the face of possible prosecution under the Sherman antitrust law won outspoken admiration from the representatives of other industries in a similar predicament at a round-table conference assembled April 30 for the discussion of government policies relating to raw materials and waterpower.

The lumber industry has been in the same state of mind as the petroleum industry but feared to come to grips with the Government, Judge William S. Bennet, attorney representing the Edward Hines lumber and coal interests, declared. He expressed the belief that by its courageous attitude the petroleum industry will succeed in its endeavor.

Judge Bennet explained that the petroleum industry looks upon oil production as a state question, and holds that production should be limited to estimated consumption.

"If that is restraint of trade," he said, "it is not unreasonable restraint of trade."

The bituminous coal industry is watching the oil industry hoping for light on its own dilemma, said C. E. Bockus, head of the Clinchfield Coal Corporation.

R. C. Holmes, president of the Texas Company, and chairman of the general committee of the American Petroleum Institute, told the conference that the producers feared that if they did not do something, the authorities would do it for them.

One Source of Conservation

HE POINTED out that through the development of refining processes the industry already has conserved petroleum to a large extent but that only an optimist would not predict a shortage in 12 to 15 years. He described the present effort for conservation as the result of a growing tendency toward freedom of cooperation within the industry.

Mr. Holmes prefaced his discussion by reading the plan submitted to the Federal Oil Conservation Board by the American Petroleum Institute. That plan is predicated on the assumption that 1928 production would be sufficient to meet 1929 requirements by employing known methods for increasing gasoline yield.

The Attorney General did not approve the plan although it was not specifically



disapproved, and the industry does not know what particular features of the plan are objectionable. The Federal Board has suggested as an alternative a state compact for the adoption of uniform laws regulating the production of petroleum. This plan might overcome the difficulties of the industry, Mr. Holmes said.

"Controlled" production would stabilize the industry without particular burden on the public and the average price to the consumer over a period of years would be reduced, in Mr. Holmes' opinion. Questioned as to the method by which restriction would be applied between competing companies, Mr. Holmes said that it should properly be confined to the larger fields. In his opinion no restriction should be applied in the Appalachian field.

The policy of the new administration with respect to the leasing of government oil lands was brought up for discussion by Aaron H. Hover, of Hollywood, Calif., an independent producer operating in Montana and Wyoming. He criticized what he described as the complete reversal of the previous position of the Federal Oil Conservation Board, which coupled conservation with the development of oil resources. President Hoover's order prohibiting the issuance of any more leases involves the cancellation of leases previously granted if lessees have not complied with the terms of the lease.

In conformity with the evident sentiment in Congress, the Federal Board made no effort to force development on government oil lands, Mr. Hover said. Extensions were granted and the promise

of lenient consideration lulled the producer into a false sense of security. In view of the reversal of the procedure that has been so uniformly practiced, Mr. Hover advocated that Congress amend the leasing act to meet existing conditions. He contended that the administration might do as it liked about granting new permits but that no permits heretofore issued should be subject to cancellation on technical grounds.

"There's a tremendous difference between Hover and Hoover and I'm for Hover," declared Charles S. Thomas, former United States Senator from Colorado and one-time governor of that state.

"American industry is fed-up with conservation in all its forms and this last experiment of Mr. Hoover's is the straw that may break the camel's back."

He said he is disposed to believe that before the known supplies of oil are exhausted other supplies will be found to meet the need.

Substitutes May Solve Problems

"IF NOT," he added, "I am such a profound believer in American ingenuity that I believe we will have substitutes that will put oil out of the picture. I have observed that this has been the industrial history of the Anglo-Saxon race and I'm sure the same condition will continue."

"Everybody ought to know about bituminous coal. It has been investigated continuously ever since I have been in the business, and that is 15 years," said Mr. Bockus, when the discussion veered to conditions in that industry.

Mr. Bockus expressed the conviction that no basic industry can function properly if more than half of the well-managed concerns can show no profit on the capital invested.

He stated that coal production doubled in every decade up to 1910 but that since then the upward curve has flattened out due to the competition offered by oil and gas and greater efficiency of coal consumption. He declared that production is unlimited at a certain price but that, like any industry which is hard-pressed, the coal industry is working now only in the "cream."

Storage of coal at the mines has never been successful and production is limited by the car supply, Mr. Bockus said, adding that "there has never been a shortage

at the mines which was not attributable to labor disturbances or a shortage of equipment or a combination of the two."

Discussing the Sherman act in its relation to cooperative efforts to stabilize production, Harry L. Gandy, secretary of the National Coal Association, declared that the monopoly section of the act was given a liberal interpretation when the United States Supreme Court enunciated "the rule of reason" but that the contract section of the law has been interpreted literally, with the result that it has been construed into the realm of conjecture where any contract, agreement or understanding which by any chance might result in something unreasonable, is declared illegal.

The lumber industry has tried to see what it can do before going to Congress for relief, Judge William S. Bennet told the conference. He referred particularly to the lumber industry's cooperative advertising campaign and its introduction of methods for better merchandising of forest products and declared that we have become "forest-minded" much earlier in our history than has any other country, save Sweden and Switzerland.

"The doctrine of the sustained yield" was explained by Major R. Y. Stuart, chief of the United States Forest Service. As described by Major Stuart, the forest problem has two major phases—first, utilization of existent timber in such a manner as to bridge the gap until timber can be grown to meet the country's rea-

sonable demands; and, second, the development of lands that cannot be used except to grow trees. Certain factors in the latter problem have made progress slow, he said.

Everett G. Griggs, president of the St. Paul and Tacoma Lumber Company, urged investigation by the Government to control the ravages of the beetle.

M. O. Leighton, consulting engineer, and formerly chief hydrographer of the United States, declared that water power is obsolete in the United States. He predicted that if advances in the efficiency of fuel power production are continued eight years more, waterpower will find economical application in only a few localities. Mr. Leighton expressed the opinion that the controversy as between government and private ownership and operation of public utilities will be settled by obsolescence rather than by agreement.

Such would seem to be the case with respect to Muscle Shoals. That name rarely is heard nowadays outside Congress but Charles J. Brand, of the National Fertilizer Association, received a sympathetic hearing when he declared that the Government should not, either by subsidy or subterfuge, single out a private agency to compete with private enterprise. Mr. Brand said the chemical plant food industry now has an excess production capacity of 3,000,000 tons.

Any proposal to put the Government into business in the hydroelectric field would be absurd, Gen. Charles Keller, representing the Byllesby power inter-

ests, asserted. The entrance of the Government would confer no real benefit to the public, which would be its only excuse, and would jeopardize the investments made by thousands of people in the public utility industries, he said. General Keller stated that Federal Power Commission has served its purpose well but that no attempt should be made to regulate rates and the financial operations of permittees.

He referred particularly to the Commission's order of February 28, 1929, extending the authority of the Commission to the partial regulation of securities issued by the holders of power development permits. This order was issued to become effective May 1 but was indefinitely postponed upon the receipt of many protests.

O. C. Merrill, executive secretary of the Commission, replied to General Keller by stating that the Federal Waterpower Act has been generally misinterpreted. He insisted that the permittees have no reason to fear encroachment upon their rights by restrictive regulation.

The discussion at the conference was led by Dr. John C. Merriam, president of the Carnegie Institution of Washington. Government policies with respect to conservation of the nation's raw materials, he said, present the most difficult of all problems. He expressed the opinion that the most effective approach to their solution is through the research-education methods employed by the United States Chamber of Commerce.

Planning and Financing a City

By M. H. GLAZER

Staff Writer, Public Utilities Fortnightly

A MERICAN cities are in a stage of rehabilitation. The eyesores, bottle-necks, and cow-path highways, remnants of an earlier, non-civic day, are giving way to a conscious re-vamping that combines beauty with utility and economy. There is being developed in cities both large and small a strong tendency toward the orderly arrangement of municipalities, their streets, public buildings, schools, playgrounds and other utilities, with a view to the greatest possible comfort and convenience.

The city plan is not a new departure in municipal development. The conquering Romans had the art developed to a high degree. In fact, the comforts and cost of living in London today are perhaps influenced more by the places where the

Romans put their roads than by any other single factor. One hundred and thirty years ago, Major L'Enfant projected the physical plan for the nation's capital, and in this latter day Congress is appropriating huge sums to carry out his dream of an exemplary capital city on the banks of the Potomac. For more than a quarter century many of the more progressive American cities have been working on some sort of a scheme of civic planning.

The plan is merely the physical aspect of city building. It is just as essential, however, to municipal development as are the blue prints to the construction of an office building. The economic waste involved in the rebuilding of the business sections of a city bespeak the prime importance of a well conceived plan of development.

This and related problems of city plan-

ning and financing were discussed by eminent municipal engineers and civic leaders at the round table conference on city planning held April 30 in the Washington Hotel. Among those taking part in the discussions were Alfred Bettman, of Cincinnati; Axel Lonnquist, of Chicago; Dr. Lent D. Upson, of Detroit; Alex F. Weisberg, of Dallas; W. C. Boyle, of Cleveland; Henry D. Sharpe, of Providence, and Robert W. Elmes, of Buffalo.

No city is adequately planned, in the opinion of these experts, that does not provide for adequate highways, cross-town streets, by-paths, well located playgrounds, proper zoning and the regulation of subdivision development. All are essential to the comfort of the inhabitants and the prosperity of the municipality.

The civic plan here met the more diffi-

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cult problem of financing this development in a manner that will not burden the taxpayer. The plan, no matter how well conceived, that lacks the proper legal and financial machinery to carry it to successful fruition, lacks practicality, the speakers agreed.

Dallas, which recently projected and put into effect a ten-year program of civic development, was praised as a city which had worked out a thorough-going plan of municipal improvement and provided the money to make that plan an actuality within a comparatively brief period. Approximately \$24,000,000 will be spent, the entire sum having been authorized by a vote of the people.

American cities may be said to be far ahead of continental cities in the matter of planning long-time capital expenditures, the conference was told. While the budget system was borrowed from England, we have made greater progress in applying that system to municipal financing. In this connection speakers discussed a new science developed within recent years in this country—the science of municipal economics to which many eminent economists are devoting considerable thought. Recognizing the importance of this work to the orderly growth of municipalities, the Chamber of Commerce is assisting local governments and the organizations in working out city plans.

The conference agreed that selection of the best system of financing for a particular locality is a problem that requires individual consideration. Many cities have followed the lead of the Federal Govern-

ment in financing improvements from current revenues. The fact that about one half of the billion dollars paid by cities of more than 30,000 population for capital outlays in 1925 came from current revenues was accepted as an indication that the pay-as-you-go system, or some modification of it, already is an established fact. Whether the term of ex-



penditure should be limited to ten years or a shorter period also is a matter that apparently varies with local conditions.

The net result of the financing of a civic plan is "more value for money spent," the conference was told. The increasing values of urban properties make it imperative that the plan contemplate reasonable growth and expansion to minimize the necessity of costly condemnations at a time in the future when the plan is found

to be short-visioned. For this reason the importance of a comprehensive program at the outset was emphasized.

On the other hand, the probability of overdevelopment of a city was discouraged. To build a \$15,000,000 auditorium in a city that may not have use for such a building more than once in a decade was mentioned as a piece of civic folly. The plan should be in conformance with reasonable growth based on the municipality's location and prospects.

Civic planning and development carried to its logical conclusion will mean the amalgamation of smaller urban centers with larger neighboring groups to take advantage of the civic plan, speakers said. This is more applicable probably to the East than to the West. The newer cities of the West are less hampered by lack of space and can more economically adjust their various sections to the probable future needs.

As part of the city plan, it was advocated that building of subdivisions should be under regulations of municipal authorities so that the subdivision will fit in with the plan of highway development.

In the final analysis, American cities, their business men and civic leaders have come to a keener appreciation of the meaning and value of civic development. City building means more than the mere development of a so-called civic center. It means the planning and construction of the city's public buildings, its highways, schools and centers of work, play and residence to provide the greatest possible comfort to the population and to provide ready access to and from those centers.

The Challenge of the Chains

By WILLIAM BOYD CRAIG

Staff Writer, Nation's Business

WILL mass distribution supplant the old-fashioned type of individual store-keeping?

Around that familiar question ranged the discussion at the Domestic Distribution Department's round table on mass merchandising. The method of approach was new, but the absorbing idea which seems to be interesting the majority of the 500 representative distributors who attended is still mass merchandising and its effects on the small merchant. The idea is not new, but the dress was modern.

Chairman John H. Fahey, of Boston, publisher of the *Worcester Post*, opened the session by calling on Godfrey M. Leb-

har, editor of *Chain Store Age*. Mr. Fahey remarked that as Mr. Lehar had taken the chain-store side in recent debates, he believed him qualified to start things moving in a provocative manner.

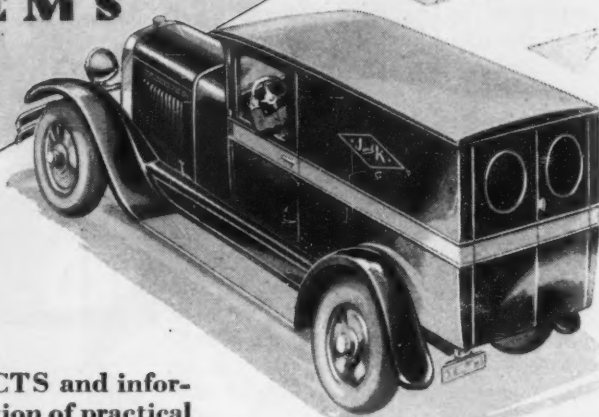
Mr. Lehar spoke of the benefits the chain store is bringing to the community by aiding in the elimination of inefficient retailers. He told the assembly that the chain store is, in his opinion, the best system of efficient merchandising yet devised, and is likely to keep up its growth, as it has the public support. In closing, he welcomed the new type of "voluntary" chain into the chain-store family. He referred particularly, he said, to the organization headed by J. Frank Grimes, president of the Independent Grocers Al-

liance, of Chicago, which he said was modeled rather closely after the chain plan.

Mr. Grimes then told the group that chains were skimming the cream from the small communities in America, as retail profits had for generations been the basis of local prosperity. Retail business must always be a local business, he said. He credited the chains with pointing the way for independent retailer success in many instances.

Mass buying is not a copyrighted idea, Mr. Grimes said, in sketching the work his organization is doing through its 55 wholesale and 12,000 retail outlets. Manufacturers are sometimes as unintelligent as retailers are supposed to be, he said,

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in that they give chain stores their best weapons, cut prices, by selling at too great concessions.

A storm of debate was threatening, when W. T. Grant, chairman of the Board of the W. T. Grant Company, a chain of nickel to a dollar specialty stores, remarked that he had heard the word "fight" used too loosely.

"I see no fight between the chain and the independent," he said. "Somewhere there is a right. I suspect that such a right exists for each type, each within its own field. I have been engaged in both types. I began as a store, not as a chain. I worked all the hours a day that I could, and used all the intelligence I had.

"We succeeded not only in licking the other stores of the town, but the chains as well. Demands for more stores of our type grew, and we are now scattered all over the country. I have become, I am told, one of those devils with horns, a chain-store executive.

"Big business is only a lot of little businesses, with the experience and cooperation of all. There are evils in the chains, as there are in everything. The worst of these today are rotten financing, uneconomic practices, and the contemptible practice of selling without profit. Most of the critics of chains miss the essential points entirely. There is too much submentality engaged in saying things about the chains which are misleading and irrelevant. Every type of merchandising should devote most of its energies to finding the right of its own existence. Economics will take care of the rest."

Fred P. Mann, of Mann's department store, Devil's Lake, N. D., asked the independent retailers present to forget loyalty and sectional interest as a plea for local business. The survival of the fittest is the only law working in selling, he said, and suggested that energy should be spent in making for greater fitness. The solution for harried retailers may be found in something like the Grimes plan, he said. Mr. Mann is a former director of the National Chamber.

"Independent" a Misnomer

"THE 'independent' in the phrase 'independent retailer' is a poor label in many cases," said E. M. West, of Dodd and West, Marketing Counsellors, New York. "In far too many cases he is a dependent. He is dependent on the manufacturer and the wholesaler. They are carrying him because of their own unintelligent attempts at selling.

"Of the 79,000 retail grocers surveyed in the Distribution Census, 28 per cent are taking in but \$39 a week. There is no profit there for the wholesaler or the manufacturer. The merchant must depend on them to carry him. Of the next 18 per cent, the volume of sales is but \$78 a week. That means about \$16 a week on which the storekeeper must operate and live. It isn't in the wood.

"Far too many are engaged in misleading the public. Inefficient retailers purport to render a service, yet they do nothing of the kind. No man has a right in business unless he delivers some value to the public. Merchandise is not the only thing sold. With every article must go a service. That service must carry with it a charge, just as the material itself does.

"The chains are no menace. The Grimes plan is operating just as effectively in eliminating the inefficient retailer as is the chain. Neither does it offer universal salvation to the independent.



"There is unprofitable business in every firm to a degree. The question is, 'What shall we do about it?' The answer, I believe, lies in the Department of Commerce. It is now equipped to carry on unit cost studies. The Wholesale Conference held last week under the auspices of the National Chamber, recommended that the Department's activities be extended. When all the facts are in, we may be able to tell just what it costs to do business, which we cannot do now. We had never known the volume of any commodity for any community until the Distribution Census was taken. Business has done remarkably well without the help of definite information about what it was doing. Better merchandising can only be possible after knowing what the facts really are."

L. M. D. Weld, of the H. K. McCann advertising agency, New York, said that his researches had led him to believe that salvation for many distributors lay in the way of more intelligent market analyses. Better figures on buying habits and buying power are vital, he said. Stores are unconsciously classifying themselves as mechanical, such as the cash and carry; the semi-chain, or voluntary chain, with partially standardized methods; and the complete service outlet, catering to the needs of the community in a thorough fashion. A better understanding of which group the individual store falls into would be helpful to many owners, he said.

In response to an inquiry, Mr. Weld said he believed that the tendency of mass distributors was toward a wider acceptance of nationally advertised goods. He cited the Atlantic and Pacific chain as an

example. W. T. Grant remarked that in his chain the tendency seemed to be toward more nationally advertised lines, where they could be handled at a profit. He said that in using private brands they opened themselves to the charge of pushing their own merchandise.

Avoid Advertised Lines

ON THE other hand, Earl Sams said that it is now the very definite policy of the J. C. Penney Company, of which he is president, to get away wherever possible from the nationally advertised lines. He said his company is trying very hard to sell merchandise and not brands. Mr. Grimes said that his organization disregarded advertised brands because of the slender margin of profit possible on many of them.

Nelson Taft, editor of the *Retail Ledger*, of Philadelphia, took the floor to say that there should be a distinction between the storekeeper, the retailer and the merchant. He asked that only the inefficient be referred to as "storekeepers"; that the term "retailers" be applied to those in a middle position, who sold merchandise only; and the word "merchant" be reserved for the small group of effective and efficient business men who run their establishments with their own brains.

E. A. Filene, president of William Filene and Sons, Boston, reminded the assembly that those present were bound together by a common bond, regardless of the form their activities took. He said that all were trying for the same goal—a reduction in the costs of distribution. Not a dollar of value is added to merchandise once it leaves the producer, he remarked, although the price is usually doubled and sometimes more is added.

Harvey J. Campbell, vice president of the Detroit Board of Commerce, said that General Motors had discovered that it could not make money unless its dealers did, and so controlled those dealers in such a way that it could make sure they would make a profit. "There was something for the independent wholesaler to think about in continued fighting for more profits for customers," he said.

Do the chains support local chambers? This question came up, but the warmth of former discussion was lacking.

R. W. Lyons, secretary of the National Chain Stores Association of New York, said that within a few years the question would no longer be a bone of contention.

"Chains are growing fast, and it is but one of the problems of management which cannot be settled in a hurry," he said. "More and more chains are getting their policies in regard to local chamber and other organization support worked out. In a short time the question will be settled by most chains, to the advantage of the communities."

E. D. Borden, manager of the National Chamber's Domestic Distribution Department, acted as secretary.



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Business Studies Tariff Principles

By ROBERT B. SMITH

Washington Correspondent, Philadelphia Public Ledger

THE wide range of opinion within the United States Chamber of Commerce on the tariff issue was well illustrated by the proceedings at the round table conference devoted to tariff principles at the Mayflower Hotel. Virtually every branch of commerce was represented in the discussion and practically no phase of the tariff question was overlooked in the course of a spirited debate which developed.

Manufacturers, farmers, exporters, importers, all capably presented their views which covered such subjects as "The Tariff and Industrial and Agricultural Stability," "The Flexibility of our Tariff," "Parcel Post with Cuba," and "The World-wide Movement to Abolish Export and Import Prohibitions and Restrictions."

There seemed to be agreement in favor of the principle of protection but there were many conflicting opinions as to how that principle should be applied. There was a general note of caution against setting tariff duties too high lest they have an unfavorable reaction upon America's foreign trade. Such was the tone of a brief and impromptu address by Julius H. Barnes, chairman of the board of the National Chamber.

"Adopt for yourselves," said Mr. Barnes, "a fair and honest principle of tariff and stick to it. But American business, if it is honest, as I know it is, in seeking tariff protection, will not overstate its case. If it does, it will bring upon itself the reprisals of the world."

Increased Flexibility Urged

THE discussion was opened by H. L. Derby, chairman of the Tariff Committee of the National Association of Manufacturers. He described the protective tariff as the wellspring of our industrial prosperity and pointed particularly to the progress made since the enactment of the Tariff Act of 1922. The inability of Congress to consider any one item in the tariff schedule without opening up the entire schedule for readjustment has had an unfortunate effect, Mr. Derby continued. Constantly changing conditions necessitate these readjustments, with the result that with each new administration there is an attempt at general revision, with attendant unsettling effects.

"The remedy for these conditions," said



Mr. Derby, "is through a change in the so-called 'flexible section' of the Act, which now permits the President to raise or lower the duty on any given article only if the Tariff Commission finds the cost of producing the article in the foreign country justifies the change. But the necessity for such a change lies not alone in the cost of production; all the factors of competition enter in and should be taken into account in fixing the proper rate of duty.

"If the President were empowered to take into account all these elements, always under the direction of Congress and with the advice and assistance of the Tariff Commission, then the tariff truly would be flexible and would meet the changing conditions in American industry without the necessity of a general revision each time a new condition arises."

The agricultural point of view was presented by A. M. Loomis, secretary of the National Dairy Federation. Tariff protection, he said, seemed now to be a clearly established American principle. The last presidential campaign, he pointed out, has demonstrated that both parties favored it. He called upon his audience, however, to remember "that a completely effective protective tariff produces little revenue" as the rates act as embargo and shut out imports.

Mr. Loomis expressed the view that "the scientific tariff—whatever that is" is still far off. Congress, he thinks, is not ready to let go the strings of final decision in the making of tariff rates. It objects to delegating all of its tariff-making powers to the President by broadening the executive authority under the flexible provisions. Nevertheless, Mr. Loomis said, he is convinced that the flexible provision of the tariff law is here to stay.

Mr. Loomis declared that the agricultural interests strongly favor the protective tariff principle but explained that they were just as strongly committed to the doctrine of "protection for all or protection for none."

The tariff on butter, he said, has been a boon to the dairy industry. It has enabled the dairymen to keep "an even keel and make some money" while other branches of agriculture were in distress. Competition from Cuba, the Bahamas, and elsewhere has taken all of the profit out of the growing of winter vegetables, but he predicted this would be remedied in the new tariff act.

Doesn't Slide Down

G. R. PARKER, former president of the American Exporters and Importers' Association, found much to criticize in the operation of the flexible tariff plan. He said that since it was enacted in the Fordney-McCumber law of 1922, there had been relatively few reductions downward and those on unimportant articles. Manufacturers abroad do not welcome the Federal Tariff Commission's investigators who are sent to gather evidence of production costs, he declared. The investigations preceding action under the flexible provision, he said, sometimes takes so long that conditions have changed by the time they are completed.

"American industry may need protection but let it be free from restrictions which are the continued annoyance and irritation of American importers," he said. "Let us remember that continued prosperity depends on fair exchange of commodities in which both buyers may profit."

C. Oscar Ewing, representing the Decatur, Ill., Association of Commerce, briefly described the viewpoint of the livestock producers. Manufacturing, he said, is getting 125 per cent more protection than agriculture.

"We are asking no special favors from the Government in the form of a \$500,000,000 farm relief fund," he said. "All we want is equality."

O. K. Davis, Secretary of the National Foreign Trade Council, read a resolution adopted by his organization at its meeting in Baltimore to emphasize the importance of our foreign trade.

The National Foreign Trade Council held that "international balancing of trade



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should not be prejudiced by any procedure which might invite serious retaliatory action. We must not retard the natural inflow of goods by which our foreign customers can pay in their own products for obligations incurred and for purchase of goods. We should continue the policy of fair and considerate encouragement of the consumption here of foreign products required in the normal expansion of our own industries and for the benefit of our people."

J. J. Phoenix touched on the extension of American manufacturing and production facilities into foreign lands and pointed to the dangers of throwing down the tariff bars to foreign merchandise.

"The farmers have won their case," A. Cressy Morrison, of New York, declared in discussing the proposed increase in duties on agricultural products. He explained that manufacturing interests are working with agriculture toward higher duties and pointed out that labor, too, is cooperating.

Adoption of the American valuation plan was urged by H. V. R. Scheel, of the Botany Consolidated Mills, Inc., New York.

"Theoretically speaking, the ideal duty is a specific duty," Mr. Scheel said. "It is expressed in cents per unit and is based

fundamentally upon a proper relationship as between the American conversion cost and conversion cost abroad. Any form of *ad valorem* duty includes, at least as its base, the sum of the cost of material and the cost of workmanship, or conversion. The ideal is therefore the specific duty; and the next most satisfactory is an *ad valorem* system which is based upon American valuation.

"If, as transpires in my own line, the same goods can be made in England, Japan, France, Czecho-Slovakia, Germany and Austria, then surely there is something wrong with the system of foreign valuation which charges the Englishman, whose cost and foreign value is \$1, 50 cents duty, and imposes on the same article produced in Austria, with its foreign value of 80 cents, only 40 cents duty.

"It would seem as though a continuation of foreign valuation would provide an incentive to countries having low standards of living to send their exports to America. The whole system of foreign valuation works in reverse, in other words. With a low standard of living, low wages, and low costs, you have low duties. With a high standard of living, high wages, and higher costs, you have a high duty."

Malcolm Stewart, manager of the Foreign Trade Department of the Cincinnati

Chamber of Commerce, declared that "the only people worrying about the tariff were those who were too lazy to put efficiency and energy into their business." In explanation, he said that many branches of American industry, notably automobile manufacturing, had made themselves so efficient that they are not afraid of foreign competition and therefore do not care for tariff protection. In this connection, Mr. Rice, assistant to the president of the General Motors Corporation, said he was proud to represent the only industry that had ever asked Congress for a reduction of a tariff on its product.

Charles O'Connor, of Oklahoma, favored the protective tariff principle but reminded the conference that there has developed in America a large reservoir of capital whose interest is best served by having no tariff protection.

"Let's have protection," he said, "but don't let's go wild. Remember that if we make our rates too high other nations can collect it back by an export duty on things we can't produce.

"And don't kid yourselves; don't go back home thinking the tariff is solved because it isn't."

Charles W. Lonsdale, president of the Simonds-Shields-Lonsdale Grain Company, of Kansas City, Mo., presided.

Charting the Financial Dangers

By CLARENCE L. LINZ

Chief of the Washington Bureau, New York Journal of Commerce

DOES the rising volume of brokers' loans in the United States constitute a menace to the orderly conduct of American business? Should the Federal Reserve Board intervene to stem the tide of investments? Would not a public investigation, under congressional auspices, to determine the facts concerning the brokers' loan situation be unwise, but might not such a study be properly undertaken by the Federal Reserve Board?

These were some of the problems advanced at the round-table conference on business finance and the credit supply, held May 1 in the Washington Hotel. John G. Lonsdale, president of the National Bank of Commerce, St. Louis, presided, with John J. O'Conner, manager of the Finance Department of the Chamber, as secretary.

All speakers agreed that nothing in the present situation compels the Federal Reserve Board to restrain the use of credits because of the absence of supply. There



was a division of opinion as to whether the Board should intervene to safeguard against future mishaps. There was accord that untoward action by Congress, either through legislation, ill-considered probes,

or use of its powers to influence action of the Board should not be countenanced.

The apparent viewpoint of the Federal Reserve Board with respect to the credit situation, as indicated by its operations, received alternate condemnation and defense.

Prof. O. M. W. Sprague of Harvard argued that the present situation is unusual.

"The supply of available credit in the United States is ample," he said. "A large amount of unused credit is available through the Federal Reserve system, since the reserve ratio is high and would permit, without any loss of strength, additional loans providing a large amount of additional credit. There is nothing then in the situation, as I see it, that compels restraint because of an absence of supply."

Prof. Sprague pointed out that, from the standpoint of business, there are none of the ordinary indications that restraint in the extension of credit is needed.

On the other hand, he said, rates for



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all classes of loans have been moving steadily upward for more than a year. He said it is common knowledge that the Federal Reserve Banks have, for more than a year, exercised a considerable restraint in the extension of credit.

"Speculation in securities is not without its virtues," he said. "It provides a market for outstanding securities and fills an economic need in the process of rediscounting values and reflecting changes in conditions of business enterprises."

Professor Sprague expressed the belief that the "speculative fever" is in part based on the high reserve ratio coupled with the view that the Federal Reserve Banks will take no further decided action.

"The high ratio of the Reserve system," he declared, "creates a special situation which I am disposed to think would require special and rather drastic action if its effect is to be neutralized."

Professor Sprague said he did not anticipate that such drastic action would bring about a panic. He declared the present market could endure a six per cent rediscount rate and an anticipated increase without a panic.

W. F. Gephart of the First National Bank of St. Louis expressed a doubt that very much yet is known of just what relation the credit supply of the nation has to the security market, nor whether too much or too little is being used in that market.

He branded erroneous the "belief of a growing number of people that all the capital going into the security market results immediately in frozen credits."

He explained that much of this capital represents a legitimate economic use of

the money, extension of industrial enterprises, increased production of goods, and increased demand for labor.

"In view of present conditions, it is the poorest time possible to expect, either in an administrative or a legislative way, that we are going to be able to devise any particular method to control the situation."

In the opinion of Fred J. Kent, formerly vice president of the Bankers Trust Company, New York, there is no question that unfortunate legislation governing the use of credit might have a serious effect on the business and banking prosperity of the United States as production might be curtailed and commerce harmed thereby.

Any development that might have such a marked psychological effect on the general public as to bring about unnecessary curtailment of business, he indicated, also would be serious, even if the contemplated legislation should ultimately fail of adoption by Congress.

Mr. Kent pointed out that the first control of a situation such as now seems to exist is in the hands of the bankers and brokers, who, as prices have gone higher and higher, have constantly increased margin requirements. This has been carried out so effectively, he said, that a great menace has been removed from the market and "it would take a perpendicular drop of many points to uncover sufficient margins to cause a wholesale dumping of securities on the market with the attendant losses and probable failures that would ensue together with a shock to business that would almost certainly result in the slowing down of production."

Waddill Catchings of Goldman, Sachs

& Company explained that the changed policy of the Board has manifested itself in a statement to the banks that the rediscount privilege is not a direct privilege of the banks based on the eligibility of the paper or the solvency of the banks or paper, but is to be dependent on the "opinion" of the Board as to whether rediscount privileges should be extended. He stated that the banking structure of the country has been built around the Reserve system, and asserted his belief that it cannot continue to function so long as there is doubt about the rediscount privilege.

Under such a situation, he argued, a banker cannot pursue a proper, courageous policy in loaning his bank's funds because the paper he takes from the customers may not be rediscountable under the Board's interpretation. He alleged that a government by opinion is thus being introduced into the banking world.

Harry A. Wheeler, vice chairman of the First National Bank of Chicago, suggested that all business action is based largely on opinion. He supported the Board in its position.

He advocated greater conservatism in the issuing of new securities, saying the market already is having great difficulty in digesting securities already issued. He told the conference that higher rediscount rates, in his opinion, would not stem the tide of speculation. On the other hand, he warned, an increase in the rediscount rate would adversely affect business. A more normal credit condition could be brought about, he said, by the cooperation of bankers and business men with the Federal Reserve Board.

Business Considers Insurance

By BERTRAM F. LINZ

Manager, Technical News Service

COMPULSORY automobile insurance has been proved conclusively to be a failure as a means of increasing highway safety, has afforded politics a new football, and has materially increased fraud and litigation, delegates were told at the round-table conference on life and property conservation, during which the results of two years' enforcement of the Massachusetts law were analyzed.

The reduction of accidents, fire prevention and improved public health, the meeting was told, have an economic side closely paralleling the humanitarian in importance, but experience in Massachusetts has demonstrated forcibly that safety cannot be achieved by legislation.

Business men are rapidly awakening to the dollars' and cents' value of reducing the waste of life and property through fire, sickness and accident, and through the work of the National Fire Waste Council and the National Conference on Street and Highway Safety are making progress in bringing down the losses from fire and accident. But recognition of the monetary value of improved public health has been slow in developing. To meet this need, plans for a campaign under the leadership of the Chamber to reduce the loss from preventable illness were laid before the conference.

The proposal that the Chamber undertake a nation-wide campaign to improve public health through competitions simi-

lar to the Inter-Chamber Fire Waste Contest and based upon the experience gained in fire and accident prevention work, were outlined by Dr. Henry F. Vaughan, health commissioner of Detroit, supported by Dr. T. L. Parran of the United States Public Health Service and Dr. A. J. Lanza of the Metropolitan Life Insurance Company.

Introduced by P. W. A. Fitzsimmons, president of the Michigan Mutual Liability Company, Detroit, who served as chairman of the conference, Clarence A. Ludlum, vice president of the Home Insurance Company, New York, and newly-elected insurance member of the Chamber's Board of Directors, sounded the keynote of the discussion on fire preven-

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tion work, urging that there be aroused in this country the spirit of personal responsibility for fire which in Europe has resulted in laws holding individuals responsible for fires on their property.

"We must educate ourselves to regard every preventable fire as an occasion for public criticism and concern," he said.

"Our instinctive indifference to danger from fire may date back to the fire-worshipping days of the race, but is out of place in the modern world," said Richard E. Vernor of Chicago, speaking for the National Fire Waste Council.

Paxton Mendelssohn, of the Detroit Board of Commerce, warned the conference that fire prevention work, since it necessitates the cooperation of the public, industry, and city, state and federal officials, is an undertaking slow to show definite results, and should be sponsored only by those willing to work long and hard without being discouraged.

Nevertheless, discussion of the question developed, there is rapidly growing up in this country a sentiment against unnecessary fire loss, evidenced by the fact that the number of communities reporting in the Fire Waste Contest has increased from 70 in 1923 to 374 in 1928, with concrete results in the form of a steady diminution in the loss of life and property.

Modern methods of fire fighting have made conflagrations almost impossible, but the loss from individual fires is still tremendous and is felt by retailers, distributors and manufacturers in every line of industry, both directly, through their own losses, and indirectly, through the reduced purchasing power of others.

"The so-called 'Massachusetts experiment' in compulsory automobile insurance has signally failed, both as an accident prevention measure and as a protection for injured persons," said E. C. Stone of the Employers' Liability Assurance Corporation, of Boston. "After two years' experience with the law, the general dissatisfaction with the measure is evidenced by the 40-odd bills for its repeal or material modification submitted to the state legislature this year."

Law Fails as Safety Measure

THE increase in the number of accidents since its enactment has proved the law inadequate as a safety measure, the conference was told, and the field for "commercialization" and fraud has been opened wide; the "ambulance chaser" is reaping a harvest, as is indicated by the increase of 127.7 per cent in the number of suits filed, and the failure of the statute to cover property damage has resulted in many "physical injury" cases as the only way to recover for damage to cars.

Admitting that the law has the bad features charged against it, W. J. Constable of the Massachusetts Automobile Bureau, told the conference that victims

of accidents who could not otherwise have collected damages have been reimbursed through its operation.

"Driver responsibility is far preferable to compulsory insurance as a safety measure, and protection, not reimbursement, should be the watchword for such laws," said Owen B. Augspurger of Buffalo, chairman of the American Automobile Association committee which drafted legislation followed in statutes of New York, New Jersey and Rhode Island.

Explaining the "Three A" law, Mr. Augspurger declared the irresponsible motorist is barred from the highway, which is not done by the Massachusetts law, while the careful driver is not penalized by being required to take out a liability policy at the high rate caused by the inclusion of the undesirable risk, as is the case in Massachusetts. The careful motorist desiring protection may obtain, at a reasonable premium, a policy which protects him anywhere in the United States or Canada against accident on private or public ways, and against both personal and property damage.

"There is a pressing need of effective action to check the toll of automobile accidents, which last year resulted in 27,000 deaths and an estimated 1,500,000 injuries," James T. Haviland of Philadelphia, vice president of the Lumbermen's Mutual Casualty Company, declared.

"States and communities are proving

slow to adopt the plan of the National Conference on Street and Highway Safety for the reduction of accidents by uniform traffic regulations, yet the multiplicity of regulations encountered by motorists almost as soon as they pass the limits of their own city is a factor in a large proportion of accidents."

Stolen Cars Cause Huge Loss

DR. JULIUS H. PARMELEE, director of the Bureau of Railway Economics, spoke of the work of the National Conference on Street and Highway Safety and Prof. Albert W. Whitney, of the National Bureau of Casualty and Surety Underwriters, discussed the progress of accident prevention through education.

John J. Hall, also of the Underwriters' Bureau, declared that failure of the average motorist to keep his car in good mechanical condition was responsible for many traffic accidents.

Insurance companies' losses through stolen cars were discussed by Orville Davies, of the General Exchange Insurance Corp., and Frank Seydel, assistant general counsel of the National Board of Fire Underwriters. Insurance firms paid out \$20,000,000 last year to reimburse owners whose cars had been stolen, usually through their own failure to use the locking devices developed at great expense by automobile manufacturers, Seydel said.

What Commercial Aviation Offers

THE Future of Commercial Aviation" was the topic discussed at the Second Annual Aviation luncheon meeting of the National Association of Commercial Organization Secretaries held at the Willard Hotel, May 2.

The best methods of stimulating and encouraging aviation and the community advantages to be expected from such a program were discussed by speakers prominent in aerial development.

Important suggestions were given by William P. MacCracken, Jr., Assistant Secretary of Commerce for Aeronautics, and United States Senator Hiram Bingham, of Connecticut, president of the National Aeronautic Association. Both urged local airport developments and improvements as a primary need of aviation.

Secretary MacCracken told the meeting that no American city has yet developed a model airport. He said that he hoped the first such airport would result from the deliberations of the joint congressional committee seeking an airport for the District of Columbia and asked those present to urge their congressmen and senators to support the committee's report when it is submitted.

Mr. MacCracken told the gathering

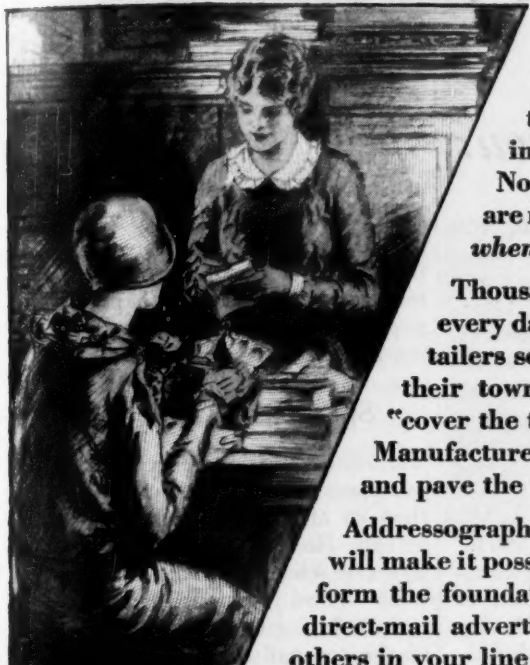
that more local and state chambers of commerce should inaugurate state aviation tours similar to the national air tour that is annually proving a great success in making the public air-minded. Local industries and industries devoted to aircraft supplies can often be persuaded to sponsor such state tours by air, he said, and suggested that business men will often find the industry centered around an airport a market for their own products.

Senator Bingham spoke along much the same lines. Aviation, he said, has already proved a real aid to business in speeding up mails and express and in providing, or promising to provide, faster passenger services. It is the duty of every town, therefore, to provide an adequate landing field, even if it cannot have a fine airport, the Senator said. He suggested that the secretaries visit Oakland, Cleveland or Buffalo to see just how airports should be developed.

"American manufacturers are building the best and safest planes in the world," Senator Bingham said. "The Department of Commerce will soon begin rating flying schools for the training of young men and women to become pilots. The states should adopt the necessary restrictions for safe flying, and the be-

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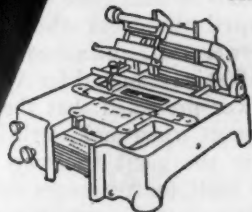
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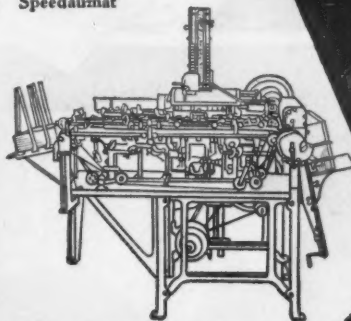
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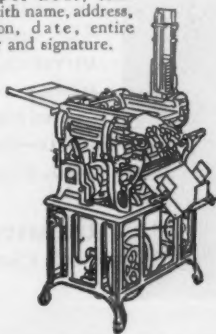


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ginnings should be made in local communities with adequate flying facilities."

A speech that aroused keen interest was made by C. S. (Casey) Jones, of the Curtis Flying Service, a veteran aviator who is regarded as one of the crack pilots of all time. Mr. Jones predicted that the extension of passenger-flying service in this country would soon place us in the lead of the world. Europe is now ahead in this branch of flying because its passenger lines are subsidized by the respective governments. They have thus had ten years of development.

"The European lines," said Mr. Jones, "are well advertised and well managed and charge very little more than do the railroads or steamship lines."

"Our mail and express services are out of the red and now the transport operators are going into the passenger business. Part of the problem of passenger flying is up to the manufacturers. They must turn out planes with pay-load capacities sufficient to make passenger flying cheap and also profitable."

Specialists in Night Flying

THE Curtis executive said that American planes now fly more routes at night than do all the European countries together. He predicted night passenger flying on schedules within a short time.

The Third Assistant Postmaster General, W. Irving Glover, traced the growth of the air mail and emphasized its importance in stabilizing air transportation as an industry.

"Last year, the Post Office Department paid out \$1,046,000 to air-mail contractors," he said. "Thus far it has spent \$19,000,000 in the development of the air-mail service, and this year the appropriation for this work is \$12,434,000. In 1918, the year the Post Office Department instituted the air mail, only 77,000 pounds of mail were carried. One day in April this year about 76,000 pounds were carried, and a record poundage of 575,000 is estimated for April."

Mr. Glover predicted that the day is not far distant when mail clerks will be stationed in the giant transport planes now being built for passenger and mail carrying just as they are now carried on trains and steamers. He said that the twice-a-day transcontinental air-mail service now in operation must necessarily remain the backbone of the air-mail structure, although other transcontinental routes will be established and many new "feeder" air postal routes instituted.

Other speakers were Miss Amelia Earhart, first woman to fly the Atlantic, and Miss Eleanor Smith, who recently established an endurance record for women. Both emphasized the necessity of enlisting the aid of women to put over aviation projects. Miss Smith said she regarded her own 26-hour flight as an effort to attract more women's interest in flight rather than as a stunt.

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Business and the Farmer

(Continued from page 20)

offer a fertile field for study and effort. In this the business man shares an equal responsibility with the farmer. To me, a farmer, it looks like a good many middlemen and retailers might well be eliminated.

Why do we need a filling station on every corner, or two butcher shops where one could more than handle the trade? A more direct route from producer to consumer might cause some fellows to lose their jobs; but permanent progress has been made only by sacrifice on the part of some.

Many of our marketing and transportation costs would be eliminated if more factories were located in the Middle West. Factories should be brought to the raw materials, laborers to their food supply. The congestion of population in our large cities is a dangerous condition. Similar congestion preceded the fall of Phoenicia, of Carthage and of Rome.

Working together, agriculture and industry may be able to adopt proper policies. No half-way measures will do. No subsidy or other palliative will suffice. The source of the evil must be uprooted. The agricultural industry must be considered from the standpoint of each of its products as well as the industry as a whole. A few years ago the wheat farmers of the Dakotas were in distress. Money was loaned that they might diversify. Hogs and dairy cows were bought and distributed. The Dakota farmer was made a safer risk but the Iowa hog-raiser and the Wisconsin dairyman had added competition. Such a process merely robs Peter to pay Paul. It does not look at agriculture as a whole.

A permanent agriculture must give enough immediate returns to assure the farmer the ordinary comforts of life and the maintenance of fertility of the soil.

We Need Cooperation

I DO not know what legislation the Congress now in session will pass. I believe that it should be framed according to the wishes of President Hoover, for he is the one whom the farmer will hold responsible for either its success or failure. None of us know just what the effect of this legislation will be on agriculture. Until it has been given a fair trial or until something better has been suggested we, as farmers, bespeak from business a sympathetic attitude. Even if this legislation is not just to business men's liking they should not urge a presidential veto. They should remember that the farmers' success is theirs also. We have the desire to purchase those things which they have to sell. All we need is the means to do it. Our relations are inseparable and, in the last analysis, our interests are one.



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Traffic of the City and Its Trade Area

By HAROLD F. LANE

Washington Editor, Railway Age

PROBLEMS incident to the enormous expansion of motor traffic in cities and adjacent areas and the necessity for careful and thorough planning to develop adequate street and storage facilities for the future were discussed at a round-table conference on the "Traffic of the City and Its Trade Area" held at the Willard Hotel May 1. A. J. Brosseau, president of Mack Trucks, Inc., presided.

Alfred Reeves, general manager of the National Automobile Chamber of Commerce, told the conference that the makers of motor cars see no "saturation point" limiting the production of automobiles except as to a place to put them and that there is every evidence that the number of cars will increase.

"Traffic regulation and control systems in many communities need to be put on the 'go' instead of on the 'stop' basis," said Mr. Reeves, in opening the discussion. "There is too much tendency to forbid instead of finding out a satisfactory way of getting results.

"Every city should have some executive or commission responsible for traffic, aided in communities of 100,000 or more by the constant researches of a traffic engineer. Chambers of commerce should take active part in this program.

"An absolute parking prohibition would kill retail business in most cities. Half hour parking should be the minimum in most places.

"City zoning should give broader permission for garages. The old style 'nuisance' garages have been replaced by modern handsome buildings.

The Proper Clearing House

"BROADER highways, by-pass roads, and grade separations are among the ultimate remedies. City planning and zoning will contribute more when merchants take a more definite interest. Generally speaking, the chamber of commerce is the best clearing house for such a movement.

"The value of a regional plan is to tie together the street programs of the various suburbs and other jurisdictions in a metropolitan area. Voluntary action alone is not likely to get results.

"To base city street programs primarily on a so-called trade area basis is a mistake. In a metropolitan program, it is sensible to locate the roads according to the most efficient pattern because trade will hold up along the highways. The



problem is to connect the suburbs, provide by-pass roads around congestion, and tie up state highway systems.

"From that point of view the question of assessing benefiting property usually must be determined in each special circumstance. It is not wise to recommend a specific rule on this point."

Alfred Bettman, of the Cincinnati Planning Commission, said that a check made in that city showed that 70 per cent of those who parked their cars in the downtown district were transacting business within 200 feet. He favored limiting the time for parking and prohibiting parking in certain areas in rush hours.

James P. Barnes, of Louisville, Ky., president of the American Electric Railway Association suggested that motor traffic in cities may be considerably expedited by speeding up the street cars. He said that in the average city only 22 to 30 per cent of the shoppers go to the stores in their own vehicles, while 50 per cent or more go by street car.

"Therefore," he said, "it seems fitting that a street railway transportation man should say something in behalf of the street-car riders. Streets are not designed for storage spaces and congestion is brought about by overloading the arteries of traffic and then narrowing them by parking. In a majority of cities the street cars limit the speed of traffic and yet few communities have endeavored to increase the speed of street cars."

Peter Abrams, of the Chester Street Association, Philadelphia, Pa., said that the rigid enforcement during recent weeks of the ordinance prohibiting parking in

Chester Street has caused many complaints from the merchants and that a study shows the plan is not satisfactory. He advocated central parking places.

Edward E. Gore, of the Chicago Association of Commerce, said that the prohibition of parking from 7 a. m. to 6 p. m. in a restricted area in Chicago is working satisfactorily although at first merchants thought it was reducing business.

Providing for 9,000,000 Cars

J. W. BINDER, secretary and treasurer of the Bergen County, N. J., Chamber of Commerce, told how that organization is planning to cope with the traffic problem that will confront it when the new \$60,000,000 bridge across the Hudson River from New York is opened in 1931. It is estimated that 9,000,000 motor vehicles will then be turned into the county.

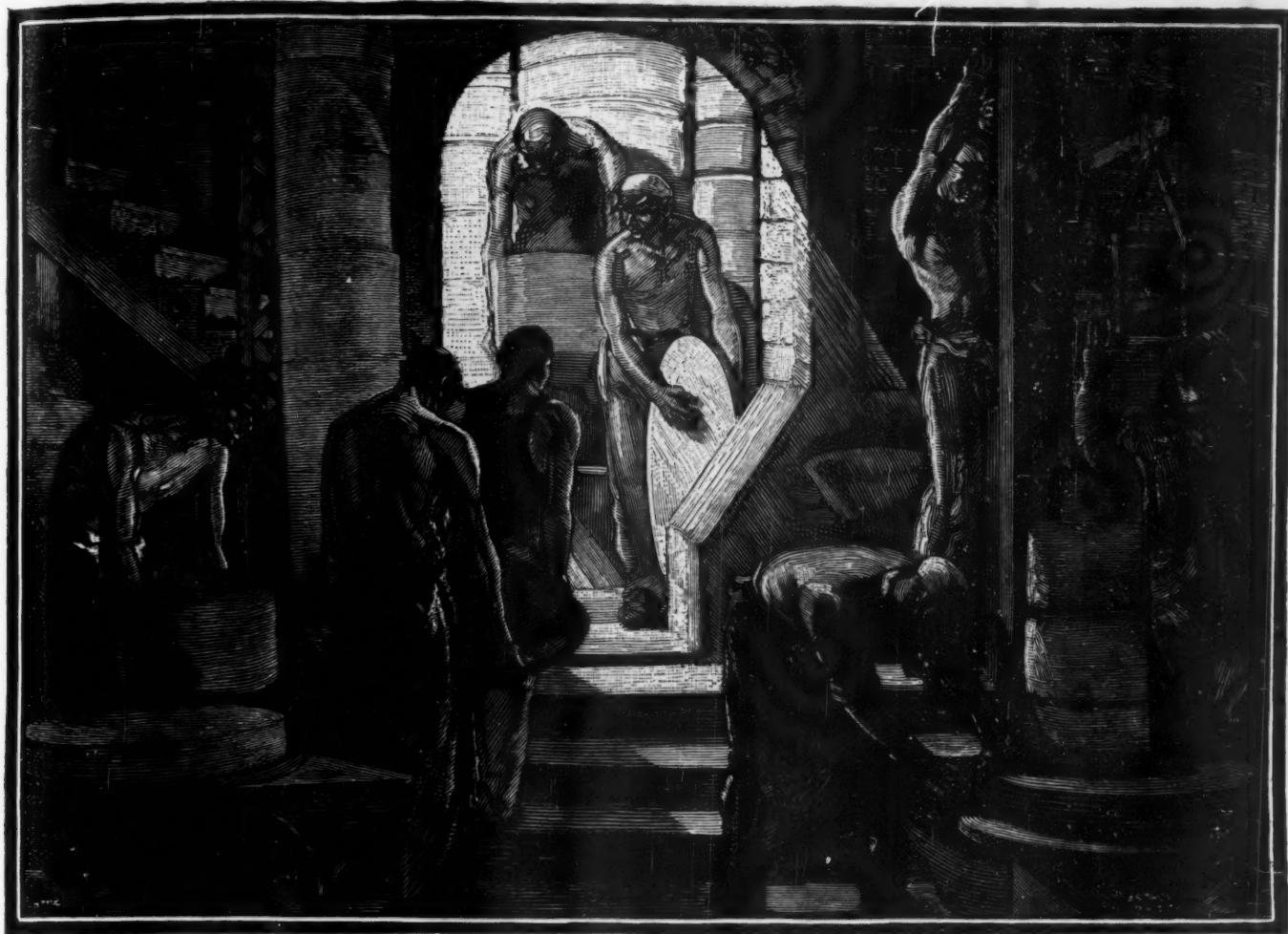
The county Chamber of Commerce was organized to deal with the problem and a series of arterial highways has been projected and is now partly under construction to handle the increase in traffic. This includes a main highway 124 feet wide and three lesser highways in different directions. On the main highway the minimum speed limit will be 35 miles per hour. There will be no maximum. The work is being financed by the state and the county.

E. L. Stone, chairman of the City Planning Commission of Roanoke, Va., exhibited a series of maps and described a plan for a series of radiating arterial highways with circumferential connecting routes proposed for that city.

Dr. J. Gordon MacKay, director of the Cleveland Highway Research Bureau, emphasized the importance of planning for highway development based on facts ascertained by actual traffic analysis.

M. D. Lincoln, executive secretary of the Ohio Farm Bureau Federation, spoke of the farmer's interest in adequate traffic routes between city centers and their outlying trade areas. He described the formation in Ohio of a state-wide organization representing all the large tax-paying groups which has adopted a ten year program of highway development.

The principle that the user should in the main finance the building of roads, is in general sound, he said, but there is also a place for the issuance of bonds to avoid overburdening the present generation and the assessment of abutting property should be carefully considered.



Mural by Arthur Coe. Wood block engraving by Howard McCormick

HHEAT, TERRIFIC HEAT, and the electric furnaces give us abrasives — hard, sharp, tough. More heat, through the medium of huge kilns, scientifically applied and controlled, bonds the abrasive into Grinding Wheels, Refractories, and Floor and Stair Tiles — all factors in the industrial world.

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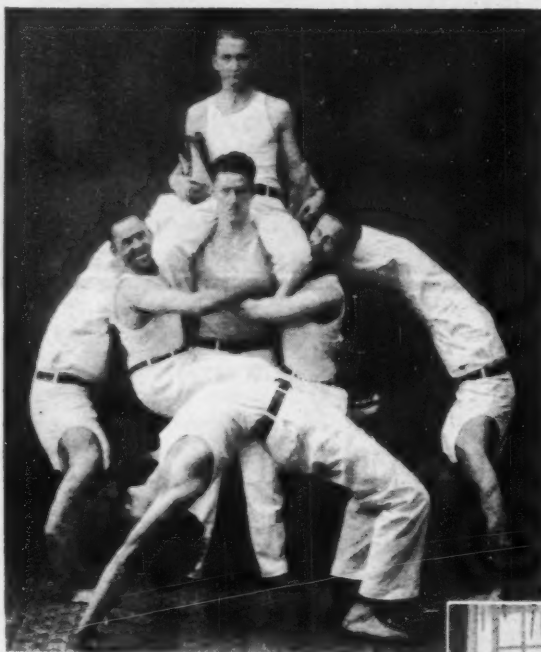
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To whom will you entrust



Practical training first. The experts shown above train all new men in the practical field work. Every new man must go through a thorough course of training and be proved out—no untrained men are ever used. These selected instructors are men of character, intelligence, and professional attitude

Tumbling Team—Davey Institute of Tree Surgery, 1928-29. Davey Tree Surgeons are athletic types. They are carefully selected with the idea of physical fitness. The nature of the work and their training make them more so. In addition to intelligence and character, they have physical energy; that is why they are diligent workers



Scientific Training. A laboratory class at the Davey Institute of Tree Surgery—using high-powered microscopes and dissecting lenses to learn the sciences relating to their work. They must know the scientific reasons for all the things that they have been trained to do skilfully

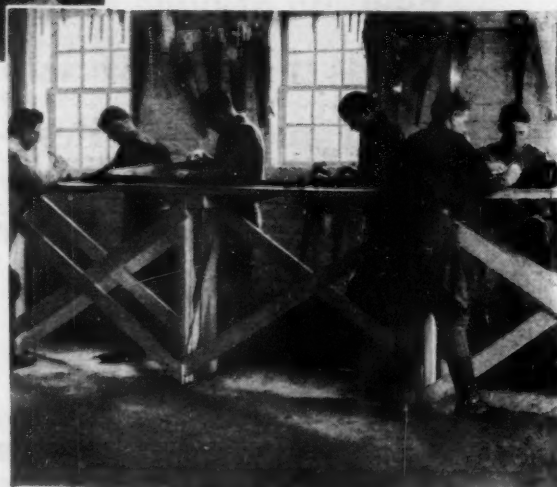
LET us talk about *your* trees. They are living things, subject to disease, decay, starvation, insect attacks, mechanical injury and other ills. They are priceless to you—only time can replace them, long time at that.

Just for the moment, think of the most valuable tree on your place. Suppose it is starving. Wouldn't you, in self interest, insist upon scientifically trained experts who know what to feed it, and how, and when—without guessing or experimenting?

If this priceless tree is decaying in the trunk or limbs, and is growing steadily weaker, liable at any moment to break off or break apart in any high wind, wouldn't you entrust its treatment only to men with proven scientific knowledge and real personal skill?

If *anything* is wrong with that tree—and dozens of things might be wrong, because it is a living, breathing organism—wouldn't you demand reliable experts who are trained to diagnose tree troubles? Certainly proper treatment cannot be given without correct diagnosis.

You can trust Davey Tree Surgeons with a feeling of confidence and satisfaction. They are carefully selected and reliable men. They are thoroughly trained and have real demonstrated skill. They are educated scientifically in the Davey Institute of Tree Surgery, the only school of its kind in the world. They know how to diagnose the ailments of trees. Their knowledge and skill are based upon a half century of Davey experience. They are backed by a responsible business organization.



Practical Training. This is a class learning the important art of saw filing at the Davey Institute. Every man is taught how to keep his tools sharp and in proper condition. Sharp tools mean good and rapid work. Practical training plus science means efficient service

your priceless trees?

Surprisingly low cost

In 1928, Davey Tree Surgeons served 21,608 clients from Boston to beyond Kansas City and from Canada to the Gulf. 76 per cent of these clients paid less than \$100.00 each. The following table tells the story.

17,022 clients paid less than \$100.00 each

2,223 paid from \$100.00 to \$200.00 each

1,642 paid from \$200.00 to \$500.00 each

721 clients paid more than \$500.00 each

You can afford to employ the expert, reliable service of Davey Tree Surgeons for your trees. They will do as much work as you want—and no more. They will do their work right—they will save any tree that can be saved—they will give you professional and conscientious service. There is no charge except for working time, plus the necessary materials and expressage.

Davey service is local

Davey Tree Surgeons live and work in your vicinity. They are almost as conveniently located as your dentist or doctor or surgeon. They are not sent from Ohio for your individual work—they are trained in Ohio, but they live in your vicinity and work regularly for other nearby people.

Write or wire Kent, Ohio, for examination of your trees without cost or obligation. Permanent representatives are located in principal cities; the nearest one can serve you conveniently.



Everyone who sees Davey Tree Surgeons at work in the trees says, "They climb like squirrels." They certainly are remarkable climbers—they are trained to it. They get around in the trees with surprising agility and speed. But they use ropes—never injurious climbing spurs—to facilitate climbing, to prevent accidents, and to protect trees, wires and other property. They have diligence, speed, accuracy and a trained knowledge of their work.



The Student Body of the Davey Institute of Tree Surgery, 1928-29, numbers 446 splendid young men in the Freshman, Junior and Senior classes, all selected from the proven men who have already been thoroughly trained in a practical way. The purpose of this resident school is to provide scientific knowledge and accuracy to supplement the practical skill that

is given in the field training. This gives balanced education—Davey Tree Surgeons know both how and why. The Davey Institute of Tree Surgery has been in continuous operation for twenty years, the only school teaching the science of Tree Surgery. The Faculty of the Davey Institute of Tree Surgery includes 37 scientists and master Tree Surgeons.



JOHN DAVEY

1846-1923

Father of Tree Surgery
Reg. U. S. Pat. Office

DAVEY TREE SURGEONS

MARTIN L. DAVEY, President and General Manager

THE DAVEY TREE EXPERT CO., Inc., 198 City Bank Bldg., Kent, Ohio

Protecting the Older Worker

By LYNNE M. LAMM

Washington Correspondent, Daily Metal Trade

WHILE some difference of opinion was shown as to the best method of pensioning employees, all those attending the manufacturers' round-table conference on Employer-Employee Relations agreed as to the practicability of old age pensioning for industry. Retirement plans, various speakers asserted, pay actual dividends to industry.

As the final result of this conference it was indicated that the cost of maintaining older workers is inevitable whether it is hidden or paid as a pension. Practically all the leading industries, it was also shown, are doing something about a pension plan.

It also seemed to be the consensus of opinion that contributory plans are increasing. It was shown, too, that the trend of industrial society seems to be toward increasing the economic security of the worker.

L. S. Horner, president of the Niles-Bement-Pond Company, of New York City, was chairman, and E. W. McCullough, manager of the Manufacture Department of the National Chamber, was secretary of the conference.

Mr. Horner stated that the subject of retirement plans for employees and the readjustments caused by mechanization in industry is one of the most vital now before the manufacturer and the consumer. Executives, he told the conference, are studying pension plans, but the matter should have been taken up 20 years ago.

Two Kinds of Pension Systems

HE asked for a discussion of the recent developments in pension plans in industry as well as other retirement systems.

Glenn A. Bowers, of Industrial Relations Counselors, Inc., New York City, pointed out that there are two kinds of pensioning systems, the private or company plan and the public plan.

He said that his organization, on the basis of reports which it has received from 194 companies having 2,500,000 employees, has estimated that at present there are at least 80,000 pensioners of industrial and business concerns, receiving approximately \$50,000,000 annually in retirement allowances.

E. S. Cowdrick of New York, a recognized authority on pensions, expressed



the opinion that nobody ever earns a pension.

"But benevolence is no longer the principal motive for the pension," he said, adding that the pension should be a part of the policy of industrial management and it should bring about better morale and greater efficiency.

Homer Ferguson, former president of the Chamber of Commerce of the United States, told the conference that his shipbuilding company has had a pension system for 15 years. All industries have a pension system whether they know it or not, he pointed out. Every company some time or other has to take an old employee from his job and find one less strenuous for him. In his new place he slows up production and is more of an expense to the company than the actual pension would be, Mr. Ferguson said.

He told the delegates that his company has always stood the full expense of the pension system. At this time it has between 70 and 80 on the pension list and they cost about \$50,000 a year.

"If I were planning the system now," Mr. Ferguson said, "I would work it out so that the company and the employee shared the expense of the system. The pension system helps the morale and good feeling of the employees."

H. B. Gilmore, of the Western Electric Company, told the delegates that the real object of the pension system is to purge industry of people who are no longer able to perform their duties.

"Industry," he said "should do everything possible to assist these men and to free them from their worries. It should educate and advise them along the lines of supplementing their pension so that when they have to retire they will

have nothing to worry about. A thrift program should be worked out to assist workmen in making investments and helping them purchase homes. No thrift plan, however, should be made compulsory. I do not favor group insurance or contributory pension plans."

"The establishment of a pension plan," said J. C. Clark, of the Southern Pacific Railway Company, "should be approached with fear and trembling. It takes time and study. First of all any corporation wanting to start a pension plan should ascertain what it expects to accomplish and then take up the matter of the cost. Most of the railroad pension plans were set up without thinking of the cost beyond the first year.

"Pensions cost one railroad \$25,000 the first year but in a very few years that same road was paying \$1,000,000 annually to maintain the pensions. No pension plan should keep an old man from being employed nor should there be a compulsory retirement age. Many men from 65 to 70 have plenty of mileage left in them yet."

How the Bell Plan Works

E. W. R. ABBOTT, president of the Illinois Bell Telephone Company, Chicago, said that the Bell System has had a pension plan in effect for 16 years with compulsory retirement at 65 years. The employees pay nothing toward this fund and there is also a disability pension fund.

"The company," said Mr. Abbott, "has tried to help the employee to realize that he must retire at 65 and that he should have a supplemental income at that time. The plan has worked out very well."

Magnus W. Alexander of the National Industrial Conference Board said that, in his opinion, the pension plan has paid the employers in actual dividends. The employer, he pointed out, is now competing with legislatures some of which have passed compulsory laws.

"Shall we sit by," Mr. Alexander asked, "and let the legislature demand compulsory pensions or shall we take hold and solve the situation? When the Government makes it compulsory it will be more wasteful and expensive."

Roderic Olzendam, of New York, also expressed the opinion that industry should take hold of the pension problem

You can work longer and better when you - - *pause and refresh yourself*



The Coca-Cola Co., Atlanta, Ga.

The big men in business are all hard workers—when they work. And they work plenty. But they get their power and drive from following the example of athletic sports in taking “time out” for rest Just a brief minute here and there through the busiest day to relax—let go everything—forget the strain—relieve the tension—to pause and refresh themselves with ice-cold, tingling, delicious Coca-Cola. A little minute that’s long enough for a big rest You don’t have to be thirsty to enjoy Coca-Cola. It’s a good thought when you’re tired. It’s a better thought before you get tired. It gets you off to a fresh start that will carry you merrily on.

The Best Served Drink in the World

A pure drink of natural flavors served ice-cold in its own glass and in its own bottle—the crystal-thin glass that represents the best in soda fountain service; the distinctive Coca-Cola bottle, sterilized, filled and sealed air-tight without the touch of human hands. Coca-Cola!



**OVER 8 MILLION
A DAY**

IT HAD TO BE GOOD TO GET WHERE IT IS

rather than let legislatures make it compulsory.

"The cost of pension systems," he said, "should be a part of the operating costs of industry."

The speakers pointed out that only within the past five or six years has attention been concentrated on the ultimate cost to the company of the pension system. The majority of existing plans were established without adequate understanding of the potential expense involved.

The motives which originally impelled private employers to inaugurate pension systems were as complex and as diversified as were the provisions of the individual plans which they established. Until recently the most commonly accepted purposes of a pension system, it was pointed out, were to relieve the poverty of superannuated workers, to provide a tangible reward for long and faithful service, to maintain a loyal contented working force, and to reduce labor turnover.

When it was found, however, said the

various speakers, that the operation of the retirement plan made possible the honorable discharge of aged persons who were no longer able to perform their tasks creditably, these early conceptions of the purposes of the pension system began to assume secondary importance.

The Revolution of Mechanization

OPENING discussion of the second topic of the conference, "Readjustments Caused by Mechanization," Mr. Alexander outlined the advances in mechanization during the last century and declared that the question of the effects of mechanization, in its ultimate application, "is what will happen when men cease to labor with their hands and turn over physical production entirely to mechanism."

"Application of power," he said in speaking of mechanization's present-day effects, "may temporarily throw certain numbers out of work, but the long-time economic effect is an economic saving, an increase in national wealth, income and

purchasing power, and increased employment. We could not feed, clothe, house and transport our present population under the old-fashioned methods of production.

Another problem raised by mechanization, he said, is the human factor in industry. Mechanization has not, however, he contended, eliminated the craftsman in industry. The machine, in the long run, takes over the purely repetitive, monotonous functions and relieves man of such tasks.

Mr. Mueller, of Decatur, Ill., said that the problem of disposing of laborers displaced by machines is one that is facing most industries.

H. C. Parmelle, of the McGraw-Hill Publishing Company, discounted the seriousness of the problem and said that the ingenuity of man in this country always had taken care of such problems and would likewise meet this one.

Leifur Magnusson, of the International Labor Office, declared that mechanization has been exaggerated as a cause of unemployment.

Growing Responsibilities of Business

(Continued from page 16)

answer may be somewhat briefly defined as follows:

The American protective tariff. The President of the United States has recently stated a principle of tariff protection which has clearly been crystallizing in the business opinion of America as that which is right and just, namely, the measure of protection which will represent the difference in living standards and wage scales between America and its competitors.

Conscientiously applied, there is no basis for exclusion, but rather the establishment of an equal chance in American markets, which is all American business is inclined to ask, and to which every phase of American industry is reasonably entitled.

In government regulation, the only spirit that can be justified is that of fairness and the equal chance. In regulating industry, there must be left a field of opportunity which will attract to that industry the same energy and initiative applied in other private fields, else the public interest suffers. We want a minimum of bureaus, a scarcity of gold-lace and red tape.

So also in legislative and administrative regulation of our great arteries of commerce we need ability and vision devoted to the solution of the new problems of communication. The responsibilities of business leadership in this field rest

in not asking of those stewards of public interest anything unfair or selfish, and there rests also on every community the responsibility to aid public opinion that will treat regulated public servants fairly and generously.

In industries that handle exhaustible natural resources business leadership must guard against the profitless exhaustion of natural treasure.

In agriculture sturdy self-reliance should not be forced to submit to the hazard of experiment dictated by idiosyncrasies of individualistic legislators. There is a happier day ahead for agriculture if there can be set in motion, without political menace, the play of forces which have been proven sound in other lines, but which are effected through voluntary co-operative effort and not by imposed legislation.

In public taxation, we need in authority the realization that tax burdens unnecessarily applied stifle effort and ambition. One of the responsibilities of business leadership is to ascertain that each dollar levied by government authority shall bring its full measure of value in the spending.

In the field of finance and credit there is need for the highest type of business responsibility. No preconceived financial concept; no prejudice against new forces called into being by the extraordinary well-being of a great people, should influence the great engine of credit on

which all industry must rely. Eras of speculative excess will bring the application of their own penalty on the individual judgment. The responsibility of business leadership is that we shall find a way in which credit for orderly everyday business and industry shall be available with a minimum of force or pressure.

Five years ago the annual meeting of this Chamber adopted 15 Principles of Business Conduct. These are as good today as they were then, for they are fundamentals of rightful relations in the business world. Study them. Support them.

One year ago this Chamber reaffirmed its confidence in the general integrity and sound ideals of modern business, and condemned individual departures from such ethics.

Organized business today has a larger measure of public confidence than ever before largely as the result of such evidences of a growing confidence in business responsibility.

It is for business leadership to maintain these standards; to make them a living and vital force in the field of business.

In this field looms the future vast in possibilities of individual human welfare. It is the responsibility of business leadership to keep that future possessed of public confidence, animated by the desire to discharge that responsibility fairly.



Guaranty Trust Company of New York

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National Bank of Commerce
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Organized 1839

Guaranty Trust Company
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**Capital, Surplus and Undivided Profits,
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THE MERGER of these institutions on May 6, 1929, is a logical fusing of resources, facilities and organization. The increased capital funds enable us to meet the constantly expanding requirements of modern business. Our enlarged Board of Directors is representative in an exceptional degree of the nation's industrial, commercial and financial interests.

The outstanding result of the merger will be to provide facilities of even greater advantage to our clientele, in every phase of banking, trust and investment service, than were available through the merging banks operating separately.

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These are the decisive factors:

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BECAUSE these factors are reported on favorably by those who investigate Salt Lake City, many of the country's most ably managed manufacturers have established branch factories here in recent years.

At Salt Lake City you have ready access to practically every raw material needed in modern industry. Utah has 210 different minerals, in virtually unlimited quantities. It is the greatest western mining state, and leads all states in silver production, is second in copper, third in lead, fourth in zinc, fifth in gold. It is already established as the iron state of the West, with blast furnaces making pig iron here from Utah ores. Its stores of coal are practically inexhaustible.

Farm, orchard and livestock products of Utah rank with the finest in the land.

And a significant thing about it all is the fact that Utah's resources, though proved, are as yet only in the infancy of their development. Here is wealth untold, waiting for capital and enterprise to use.

A prosperous and growing market of 2,000,000 consumers, is most economically served from Salt Lake City. Adequate railway, highway and airway facilities assure speedy shipping. And all parts of this market look to Salt Lake City as the middle west looks to Chicago—its metropolis and commercial capital.

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Labor is plentiful. Living conditions are ideal, making for permanency and contentment of labor.

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SALT LAKE CITY

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The Chamber Curbs Fire Waste

By ROLLIN M. CLARK

DETROIT, Mich., with the best record among the 374 cities submitting reports, won the grand award in the Inter-Chamber Fire Waste Contest for 1928. Erie, Pa.; Lakewood, Ohio; Owensboro, Ky.; and Albany, Ga., made the best records in their respective classes.

Bronze plaques to award their efforts were presented to representatives of the business men's organizations in these cities by Joseph L. Hooper, representative from Michigan on behalf of the National Chamber, at the afternoon session of the National Councillors, held Monday, April 29.

In introducing Mr. Hooper, President Butterworth praised the winning organizations for their continuous efforts in reducing fire waste in their cities.

Our Crime of Waste

AS A preface to his remarks Mr. Hooper said that of all America's national vices the worst has been its wastefulness.

"Of the different classifications of waste of which our nation has been so guilty in the past," he said, "one of the most appalling has been that of fire.

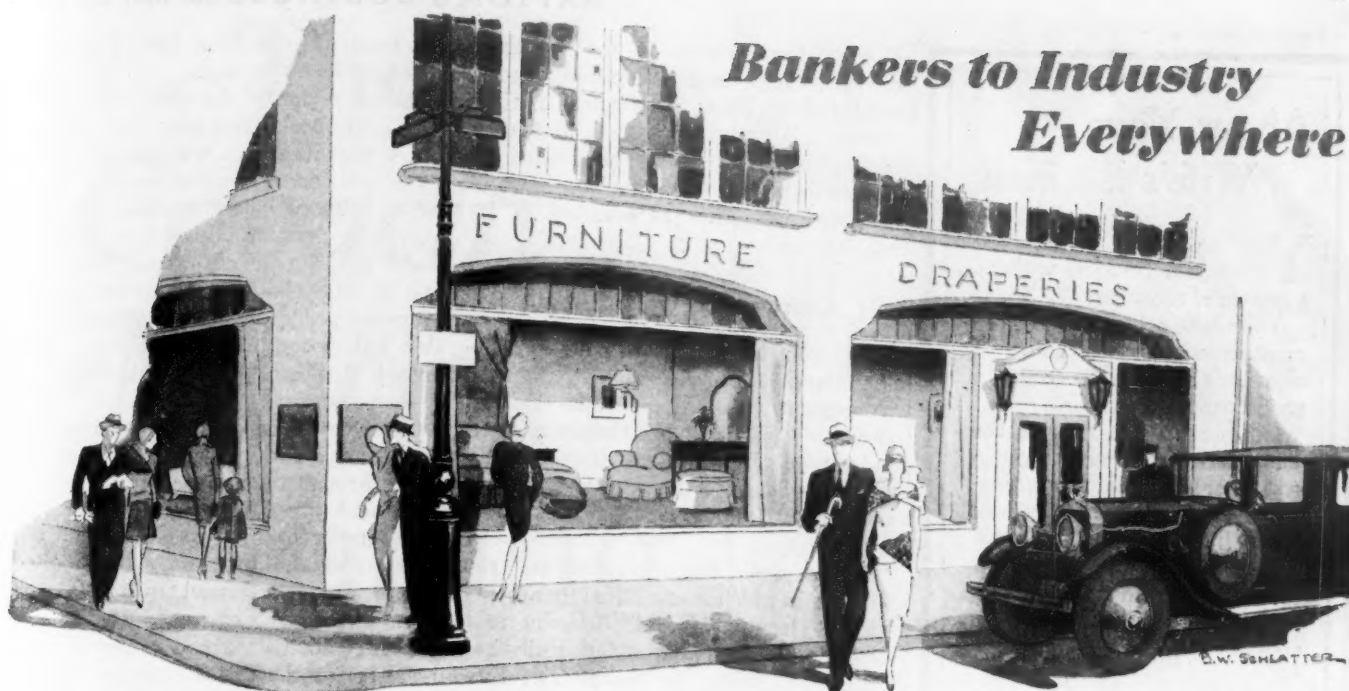
"The Inter-Chamber Fire Waste Contest was begun in 1923 as a result of an awakening realization by business men of the tremendous annual waste to life and property through fire. America had long held the lead in this as in other forms of waste. In spite of many and varied municipal precautions the totals continued upward each year.

"The effect of this campaign by the National Chamber of Commerce and its affiliated bodies became at once apparent.

"In each succeeding year the losses to property and life decreased. In 1927, I am informed, there was a drop of nearly 90 million dollars in property loss compared with the preceding year. The complete statistics for 1928 are not yet available, but it is definitely known that a minimum additional decrease of 20 million dollars was brought about. While many factors must necessarily enter into this amazing result, it is certain that massed business influence and leadership have played a large part.

"Along with the reduction in fire loss the record for the preservation of human life has steadily advanced. In the 1928 contest more than 80 per cent of the cities reporting either reduced the number of persons killed or made the splendid report 'No death from fire'."

Before presenting the awards Mr.



The _____ Company is a large furniture retailer in a mid-western city. As its business outgrew its capital the Company turned to C. I. T. for aid in financing its large volume of time payment sales. C. I. T. established an adequate credit line. At convenient intervals the Company discounts accumulated customer paper, repaying us in equal monthly installments as collections are made.

With C. I. T. Service the large or small furniture merchant can maintain a liquid position, take advantage of his manufacturer's cash discounts, and use his own capital to most profit.



Every question the furniture merchant would want to know about C. I. T. service is answered in this new booklet.

How to Make Working Capital ' ' Work

EVERYONE who sells on long term credit has to decide how best to handle the customer "paper" taken in part payment. Nobody wants working capital tied up in banking customers when it is urgently needed in the business nor is it often practicable or even wise to keep on hand large surplus funds for which there is no steady use.

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Write for C. I. T. Plans covering Credit Sales of

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About Your Wife's Business

YOU would not try to conduct your business without a system of accounts.

Your wife's business — the management of your home — also needs a method to keep it in good financial condition.

Let her make a trial of the John Hancock Home Budget, a system of household accounting, which is solving the problem of family finance for many wives.

Your local John Hancock office will be glad to send you a copy, or you may have one by addressing

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197 Clarendon Street Boston, Mass.

Please send me, Free, your Home Budget Sheet. I enclose 2c. for postage.

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N.B.

OVER SIXTY-FIVE YEARS IN BUSINESS

Hooper paid tribute to the chambers of commerce which submitted reports only slightly below the winners in their accomplishments. He stated that each of these organizations had been listed for honorable mention and would receive an engraved certificate as evidence of its achievement.

Keeping Big Fires Small

IN presenting Detroit's award to Paxton Mendelssohn, chairman of the Fire Prevention Committee of the Detroit Board of Commerce, Mr. Hooper referred to a reduction of more than \$2,000,000 in fire losses in that city last year although 29 additional buildings were erected.

Not a single fire spread beyond the building in which it originated. In accepting the trophy Mr. Mendelssohn said that the winning victory was really accomplished jointly by the Detroit Fire Department, the fire marshal, the arson squad, and other organizations and agencies which cooperated with the Fire Prevention Committee at all times.

The fire loss in Erie last year was \$67,220 or 48 cents per capita. Mr. Hooper mentioned some of the activities which the Fire Prevention Committee of the Erie Chamber had under way to indicate the intelligent manner in which that group is solving the fire waste problem of its city. James S. Dunwoody,

chairman of the Erie Fire Prevention Committee, responded.

In referring to the achievements of the Lakewood Chamber, Mr. Hooper stated that its report was the most complete and most detailed ever received in the history of the contest. For five years the per capita fire loss in Lakewood has averaged 56 cents annually and in 1928 that figure was reduced to 42 cents per capita. The spokesman of the Lakewood delegation was Chief Joseph H. Speddy of the Lakewood Fire Department.

The Owensboro Chamber of Commerce carried on a continuous educational program through the schools, churches, civic clubs and press to such an extent that the number of fires was materially reduced and the fire loss, 54 cents per capita, was the lowest in the last 30 years of the city's existence. Mr. Hooper presented the Owensboro trophy to Representative D. H. Kincheloe, of the Second Kentucky District in which Owensboro is located.

The final winner to be honored was the Albany Chamber of Commerce which has won awards in three previous contests. Its fire loss last year averaged 24 cents per capita, the lowest in the city's history. The total loss for the year was \$4,520. John A. Davis, former president of the Albany Chamber of Commerce, accepted the plaque in behalf of his organization.

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When writing please mention Nation's Business

A Clearing House of Experience

(Continued from page 12)

audience the moving story of the ruin of many prairie farmers. It appeared from Elijah's talk that more than a piece of legislation would be required to pacify the corn belt.

On the other hand, in a round table discussion of farm problems, representatives of cooperatives expressed their dissatisfaction with the stabilization corporations embodied in the farm relief bill.

No subject got more faithful attention than that of credit supply, particularly the relation of the Federal Reserve system to the stock market. It was examined all through the meeting. The Federal Reserve Board was both commended and condemned, but experts seemed less to differ in their attitude toward the Board than in the compass point from which they approached the great edifice of credit.

The meeting in its resolution supported the Reserve System and announced that the Chamber has been investigating the whole subject.

The ways Government touches business—tariff, taxes, trade regulation—all received their examination somewhere in the more than two score meetings. The tariff was bound to get into any business

convention meeting just at that time, and it was given formal place by the speeches of Representative Willis C. Hawley of Oregon, chairman of the House Ways and Means Committee, and C. H. Cahan, Montreal member of the Canadian parliament. Chester Rowell, California journalist, pointed in a brilliant address to the new fields of trade expansion beyond the western sea.

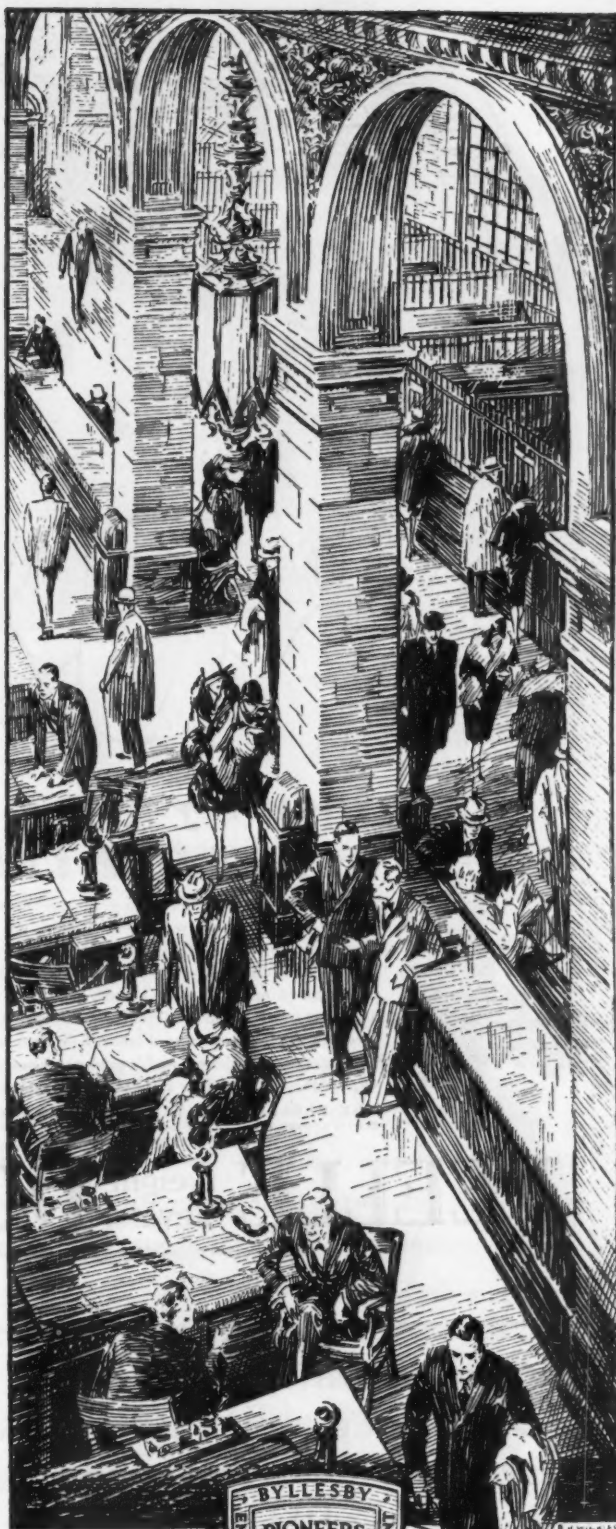
Dr. Julius Klein told the International Chamber of Commerce, American section, that the countries of the Old World "obviously have every right to set up preferential apparatus in their possessions to favor the commerce under their respective flags."

Everybody admitting everybody's right to restrict trade, it would seem finally that we might get back to consider whether trade does best under restriction or free movement.

The National Foreign Trade Council presented its resolution advising against acts which would retard the natural inflow of goods and invite retaliation. Former President Barnes likewise cautioned American leaders against overstating their case and bringing upon themselves the reprisals of the world, and H. H. Rice, of General Motors, representing the one

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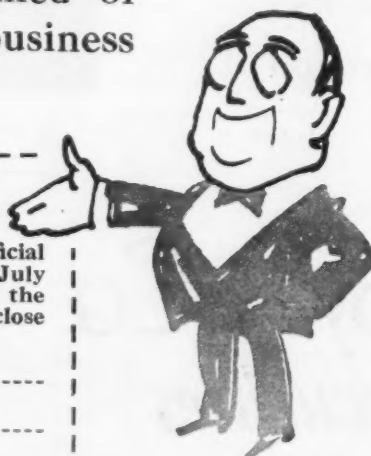
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ADDRESS

CITY AND STATE



industry which had asked for an easing of its own "protection," echoed Mr. Barnes' sentiment. It was clear that the round table agreed that industry should be protected, but disagreed considerably upon what protection was.

Senator Henry J. Allen, of Kansas, alluded at the banquet to the necessity that American trade be extended by the quality of our product and the excellence of the service, not by force, which in the end is not worth the trouble.

It was apparent in another of the round tables that the Trade Practice Conference is still in evolution. Not enough of them have been held since 1919 to explore their possibilities completely.

Regardless of theory as to how these Conferences may develop, the speakers were strongly in favor of holding them. Christie Benet of Columbia, S. C., one of the most enthusiastic for the Trade Conferences, suggested that economists ought to be employed on them, and, coming from a lawyer, this is indeed recognition for economists.

Still No Auto Saturation

DISCUSSIONS in the realm of city planning were this year as usual very largely interested in the problems raised by the automobile and truck. Alfred Reeves, of the National Automobile Chamber of Commerce, made the usual announcement that saturation is a long way off, so long as there is a place to put the cars, but when he mentioned parking regulation he made it clear that unexpected results sometimes follow the best of these intentions.

That type of "budgeting for change" recommended for industry was also suggested for municipalities, at least a type of budget which would enable the community to schedule something for improvement that it can for the moment get along without.

Alfred Bettman, the wheelhorse of civic improvement in Cincinnati, went so far as to say the plan influences comfort and living costs more than any other single factor in city life.

When the meeting closed with the election of Julius Barnes as chairman of the Chamber's Board of Directors, succeeding the late Joseph H. Defrees, I thought of the remarkable address Mr. Barnes delivered at the opening, his opulent parade of the change, the complexity and the magnitude of today's economic life. Government, he said, is more clearly interlaced with the business fabric than it ever was before.

It seemed to me probable that when the delegates returned in another twelve months they would find that governmental "interference," or at least impingement, on business, was likely to be multiplied in its contacts instead of diminished. The day of the individualist is going, and the day of organized business is here.

Business Goes On Record

(Continued from page 31)

lems. The enactment of a great project of legislation in the interest of agriculture appears imminent. It is in the national interest that such a project should have beneficial results of widespread importance. This Chamber and its membership should contribute in any way within their power toward the success of such an undertaking.

To this end we believe the Chamber should have a committee to follow the development of the plans of the Federal Government, to suggest ways in which the Chamber and its members may lend their assistance, and to bring forward any questions upon which the Chamber should reach further policies.

For such a committee there are tasks to which it could at once turn its attention, in cooperation with other appropriate committees of the Chamber, such as the field of research in which the Federal Government should operate by reason of the national interest in agriculture, and the utilization of its products and byproducts, and the opportunities for improved facilities through extension service for getting wide adoption of the results of research.

Railroad Rate-making

THE POWER given to Congress in the Constitution to regulate interstate commerce includes the power to regulate railway rates. Congress can either exercise the rate-making power directly or delegate it to the Interstate Commerce Commission or some other agency to exercise. The power of Congress could, of course, be used to abolish the Interstate Commerce Commission, if Congress deemed this desirable.

We believe, however, that Congress acted with wisdom and statesmanship when it created the Interstate Commerce Commission and delegated to it, as an impartial and expert body which would be informed by investigation, study and experience, the function of regulating railway rates.

Congress having created such a body for such a purpose, and having defined in the Interstate Commerce Act the broad principles that shall be applied by the Commission in using its power of rate-making, we regard it as unwise and contrary to sound public policy for Congress to fix rates itself, to give to the Commission detailed instructions as to the way in which the Commission shall apply the rate-making principles defined in the law, or to impose requirements for such elaborate investigations as unduly postpone rate adjustments which the Commission could otherwise make more promptly in accordance with the procedure and law already established. The Commission should be permitted to continue to regulate rates in accordance with its own expert knowledge and judgment as to the way in which the rate-making principles defined in the law should be applied in each particular case, and as to the relations that should be established between the rates paid by different sections of the country and different branches of industry and commerce.

It is a long established principle of rate-making that consideration should be given to the condition of the various industries, including agriculture, so that rates may be fair and not discriminatory and that goods may move freely in commerce. This principle of rate-making should be so applied as to give reasonable stability in the rate structure, since constant change and uncertainty would necessarily damage business and retard development, to the detriment of the national welfare.

Merchant Marine

THE ANNUAL meeting has had before it a report on "Handicaps to American Shipping." For the reasons appearing in this report we believe there are steps which should now be taken to complete the removal of the menace of government competition and which would materially assist the private American merchant marine. Except as to a few ships considered as reserves, the vessels of the government laid-up fleet should be scrapped or sold for scrapping. The contract principle should be applied to assist in completing the disposal of the Shipping Board lines and at the same time providing for further needed development of our overseas shipping services, including the movement of seasonal peak traffic, and when such disposal of lines has been accomplished a reduced Shipping Board should be given the status of an agency to carry on the regulation of the relation of merchant shipping to the public. As further measures to eliminate government competition with private enterprise, steps should be taken to remove the Panama Railroad Steamship Company from the shipping business; the shipping requirements of the Panama Canal should be secured from private shipping companies.

The revision of the navigation laws now in progress should be actively prosecuted to completion.

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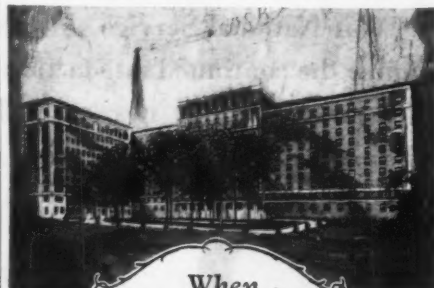
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and the changes affecting the Steamboat Inspection Service recommended in 1916 by the Chamber's Committee on the Department of Commerce are recommended for consideration. The duties of the Treasury Department affecting vessel measurement should be transferred to the Department of Commerce, and there should be national and international standardization of the admeasurement rules. Changes proposed by the report in the Seamen's Act, none of which would adversely affect seamen, should be made. Service records of seamen should be maintained through continuous discharge books. There should be legislation providing for adoption of the Hague Rules in form suitable to American conditions.

Restrictions on the disposal of ships abroad should apply only to those in which the Government has an interest or to which it has given aid. Congress should take the necessary steps to cause the Shipping Board to withdraw from the business of marine underwriting. The provisions of the Model Marine Insurance Law now in force in the District of Columbia and several states should be adopted in all states. Congress should be asked to make the necessary appropriations to give the Merchant Marine Naval Reserve proper financial support, and to provide and maintain proper quarantine facilities.

Federal Courts

THE CHAMBER of Commerce of the United States at its Sixteenth Annual Meeting, adopted a resolution deploring any and all efforts to obtain the adoption of legislation which tends to minimize the power or diminish the jurisdiction of the federal courts, or to substitute the legislative will for the discretion of the court in the discharge of a judicial duty. The Chamber of Commerce of the United States reaffirms its position as above stated opposing attempts to restrict the functions of the federal courts.

Federal Taxation

WITH THE national debt reduced nearly ten billion dollars since the close of the war, with the activities of the Government now brought more nearly to the orderly routine of normal times, and with large surpluses accruing in recent years in the National Treasury, it seems obvious that federal taxes should now be levied with the economic welfare of the country steadily in view, and all proposals for new expenditures by the Federal Government should be carefully scrutinized, in order that none may be granted unless their justification is clearly apparent.

The present rate of federal income tax on corporations, at 12 per cent, is burdensome on productive enterprise. It handicaps business development and, by reducing earnings that might be available for dividends, it curtails the amount of other taxable income. The rate is a discrimination against the corporate form of business enterprise. In theory and in equity the tax should correspond more nearly with the normal rate on individual incomes.

Every opportunity permitted by the financial situation of the Federal Government should be utilized for the reduction of the corporate rate to a more equitable level.

Tax Liability

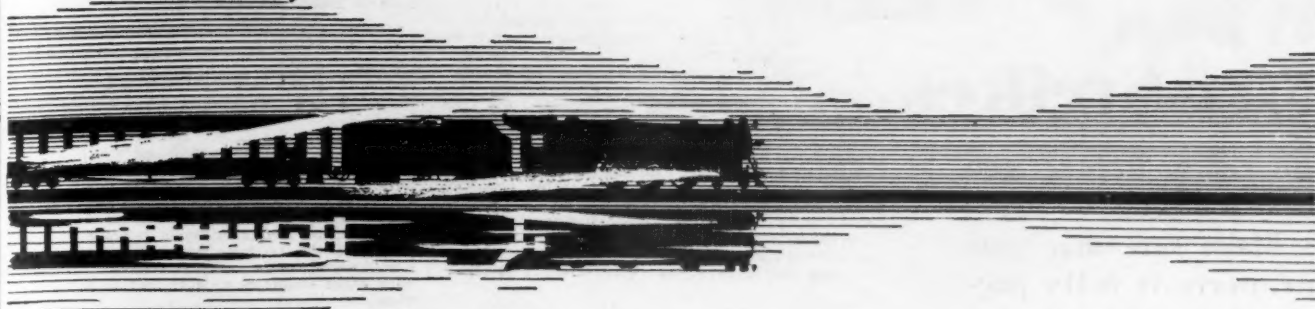
PROMPT settlement of liability for federal taxes is in the interest of both government and taxpayers. While some unnecessary delays are attributable to taxpayers, the seriousness of the problem in the main has been due to congestion in the Bureau of Internal Revenue. Heretofore changes in administrative organization for the purpose of expediting tax settlements have resulted largely in transferring congestion from one point to another with little relief to taxpayers. Some improvements have resulted from current efforts to develop means of speeding up tax settlements. We recommend such efforts and urge that long delayed cases now be rapidly disposed of and that there be prompt final determination of tax liability in the future.

State and Local Taxation

BUSINESS MEN'S organizations, both commercial organizations and trade associations, have been turning their attention effectively to the problems of state and local taxation and of governmental activities which have results in taxation. These efforts have already contributed signally to the cause of good government.

Such progress has now been made in reducing the earlier chaos as to taxation of intangible personal property under inheritance tax laws that a majority of the states have enacted the statute for reciprocity in exemption of intangible personality of non-resident decedents, or have given entire exemption for such property. It is especially timely for organizations in other states to urge the adoption of the statute for reciprocity.

Business is not limited territorially by state boundary lines. If any one state imposes excessive or annoying tax burdens the normal development of business and industry is hampered. Through various forms of fees, tax levies, and special im-

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posts upon business enterprises incorporated in other states, there have thus been created undue handicaps upon the interstate movement of capital and goods. It is urged that in the coming year trade associations give special study to aspects of this problem pertinent to their special fields and that chambers of commerce consider the matter from the point of view of conditions in their states. Removal of excessive burdens upon firms and individuals doing an interstate business will prove to be not only in the general interest of the country but also of the levying states.

The methods by which public funds are raised and expended in every state and locality should have thorough examination by business men's organizations. This should embrace the planning and budgeting for a period of years of expenditures of a capital nature, including their proper financing whether through current receipts or borrowings. Out of such examination will develop a national demand for capable management of public finances.

This examination should extend to administrative organization. Diffusion of administrative responsibility is apparent in many fields of governmental management. There are opportunities for simplification in the organization of state governments. Various cities have already demonstrated the possibilities of reorganization and coordination in their administrative services. A defective local government is frequently apparent in the number of overlapping taxing and spending jurisdictions. Concerted and sustained attention to these problems from business men's organizations in all parts of the country will go far toward the assurance that the public will get proper benefits from each dollar collected in taxation, and that taxation will not be used for improper and unnecessary purposes.

Tariff Commission

THIS CHAMBER has by early referendum approved the principle of maintenance and encouragement of our export trade in tariff legislation so far as consistent with reasonable protection for American industry. In recent years there has developed a great appreciation of the necessity for maintaining fair and just protection for America's higher wage scales and living standards yet coupled with an appreciation that international trade under proper conditions benefits America as well as other countries and that there should be no unnecessary trade barriers. In the determination of a fair and just protective tariff schedule accurately reflecting these considerations and flexible enough to meet changing economic conditions, administrative authority is required to act promptly after investigation and within legislative limits. This Chamber has consistently supported, from an early date, the legislative permission for adjustment of tariff rates by administrative authority within the limits prescribed by Congress. While the Chamber does not now specifically recall its earlier recommendation for both a fact-finding Tariff Commission and a separate Tariff Adjustment Board, this Chamber expresses a desire that the established Tariff Commission should be strengthened by the necessary authority for expeditious determination of these questions with full responsibility under the President of the United States.

Import and Export Prohibitions

barriers to foreign commerce which have carried over from the years of the World War or have appeared during the post-war adjustment. It does not affect the tariff systems or the treaty-making methods of the participating countries. In the United States such restrictions have been removed, but in many important foreign markets, particularly of Europe, certain restrictions still apply.

American exporters have found their activities substantially affected by the obstacles which the Convention aims to remove. Ratification of the Convention by the Senate of the United States is urged, therefore, in further support for our foreign trade.

Policies Toward Immigration

become an accepted part of our national policy. Our industrial and sociological life, our citizens, and our foreign-born residents, as well as foreigners abroad who are contemplating coming to this country for permanent residence, have largely adjusted themselves to this policy.

During this period of so-called national origins provision of the 1924 Immigration Law, which originally was intended to replace on July 1, 1927, the quota limit system based on the 1890 census, referred to above, has not been in operation. This

provision purposes to limit immigration from old world countries to about 150,000, as compared with the 164,667 at present admissible, and to allow an annual quota to any nationality equal to a number which bears the same ratio to 150,000 as the number of people living here in 1920 having that nationality bears to the total number of our inhabitants. This provision has been twice postponed by Congress in the face of problems, as yet unsolved, connected with the development of a satisfactory plan for the accurate determination of the racial content of the country.

It would be a mistake, in our opinion, to disrupt the adjustments which have been made under the actual operation of the law to date, and by changing the basis of present quotas unnecessarily to stir up racial antagonisms. We, therefore, recommend the repeal of the national origins provision of the Immigration Law of 1924, and urge the continuance of the quota limit system now in operation based upon two per cent of foreign born living here in 1890.

Passport Fees

HIGH FEES charged by our Government to its citizens for the passports they require are a burden upon international travel necessary to commerce. Whatever the conditions which led to the present fees, those conditions would seem to have passed. We believe the time has come when our Government should reduce its fees for passports to a reasonable charge for the service which is performed. This recommendation is made with recognition of the progress which has been made by our Government in making reciprocal arrangements with other countries with respect to passports and visas.

Trans-Pacific Press Messages

Government of the United States to make representations to the Chinese government for the purpose of obtaining from the Chinese government equality of American companies with the companies of other countries in rights heretofore granted by China relating to press messages, which rights expire in 1930.

Commercial Aeronautics

AIR TRANSPORTATION is essentially national in scope. State legislatures are urged to have interstate rather than merely intrastate service in mind for their citizens when drafting aeronautical legislation and member organizations are urged to support this principle.

Uniformity of aeronautical legislation is necessary and it is important that in enacting such legislation the states should conform their laws and regulations to those of the Federal Government.

The establishment of airports is essential to the proper expansion of air transportation. Appropriate legislation should be enacted to enable the states, municipalities and counties to appropriate funds and acquire lands for the practical development of aeronautics through the establishment of airports and the encouragement of the use of aircraft.

Mineral Industries

THE MINERAL resources of the United States are so varied and form such a large part of the natural assets of the country that the need of a broad and balanced program for their development becomes apparent only in times of national emergency. The approaching era of severe international competition makes it timely to give recognition to a national program and for provision by the Federal Government to assist mineral industries in solving the problems which confront them. For this purpose the United States Bureau of Mines and the United States Geological Survey should be maintained at highest efficiency, scientific inquiry should be fostered for the solution of the problems of the mining industries, mining should be encouraged by relief from excessive taxation, and there should be governmental cooperation for the purpose of enabling essential mineral industries to meet the requirements for national welfare and the exigencies of a national crisis.

Federal Highway Appropriations

THE CONSTANT expansion of motor transportation has brought with it new demands for highway construction and improvement despite the great progress made during the past decade. Because of this condition, state highway departments have found it necessary to expand the mileage of their systems at a time when traffic requirements on the main roads are reaching new peaks.

Coincidentally, federal cooperation in the improvement of the main roads faces curtailment through the fact that reserve funds accumulated



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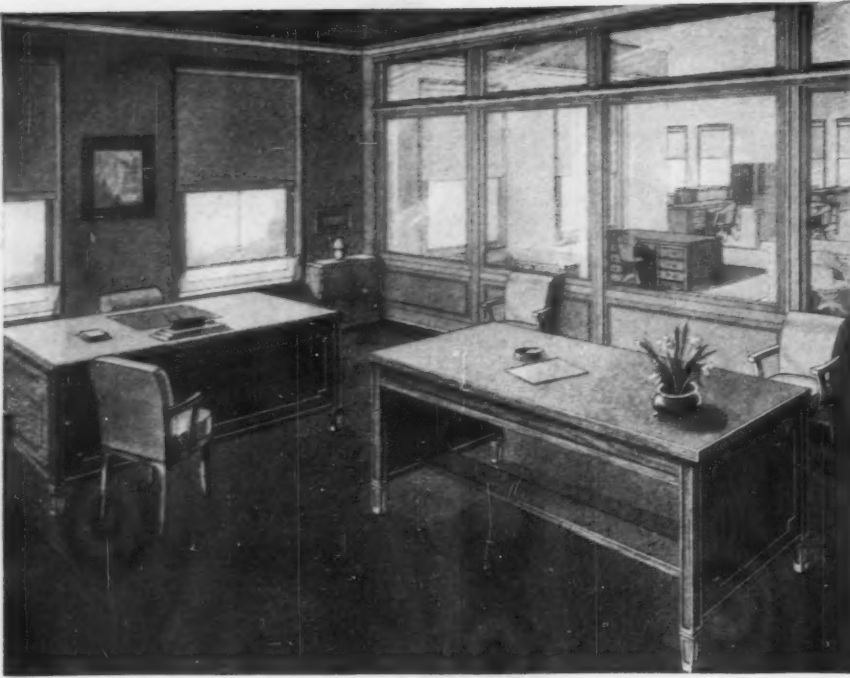
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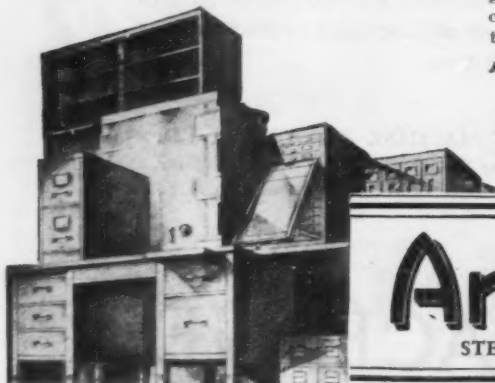
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during the post-war period are now exhausted. Moreover, while two-thirds of the principal roads have undergone preliminary improvements, this work has been done very largely at the expense of the states although the nation as a whole derives a direct benefit. Increased federal funds for use on the interstate system will at once expedite completion of this work and will release state and local funds for use on secondary roads.

These increases are fully justified from an economic point of view and should be made with due regard for the state of the treasury and other public needs.

Forest Resources

RECOGNITION of the national interest in the forest resources of the country appears in the program approved last year by Congress for investigation, research, and experimentation with

respect to forestry problems. There are many important and urgent forestry problems, toward the solution of which the activities of the Federal Government contemplated under the program which has been adopted would greatly contribute. This program should accordingly be placed in effect at once, through substantial appropriations.

Highway Advisers to Latin America

THE PRESIDENT of the United States has recommended to Congress that he should be given the same authority to name engineering advisers to American republics which may request their services as he may now exercise in appointing military and naval advisers. The appointment of highway advisers, who have had important participation in the construction of projects in the United States, will place at the disposal of Latin-American countries which have highway problems the benefits of the experience we now have in the United States by reason of the progress which has been made in the construction of improved roads, and we believe Congress should take prompt action.

Distribution Studies

CONGRESS SHOULD provide more adequate appropriations to permit the Division of Domestic Commerce of the Department of Commerce to undertake detailed cooperative distribution studies with those fields of industry which are interested.

Health Conservation and Accident Prevention

THE GRATIFYING progress of recent years in extending the average span of human life gives good reason to expect further advance through concerted efforts, both for health conservation and for prevention of accidents, which are constantly growing and cause the premature death annually of thousands of our citizens. In order to conserve life and health to the fullest extent there should be further development of national interest and of national activity. In efforts directed to this purpose the Chamber should participate and should enlist the widest possible cooperation on the part of its membership.

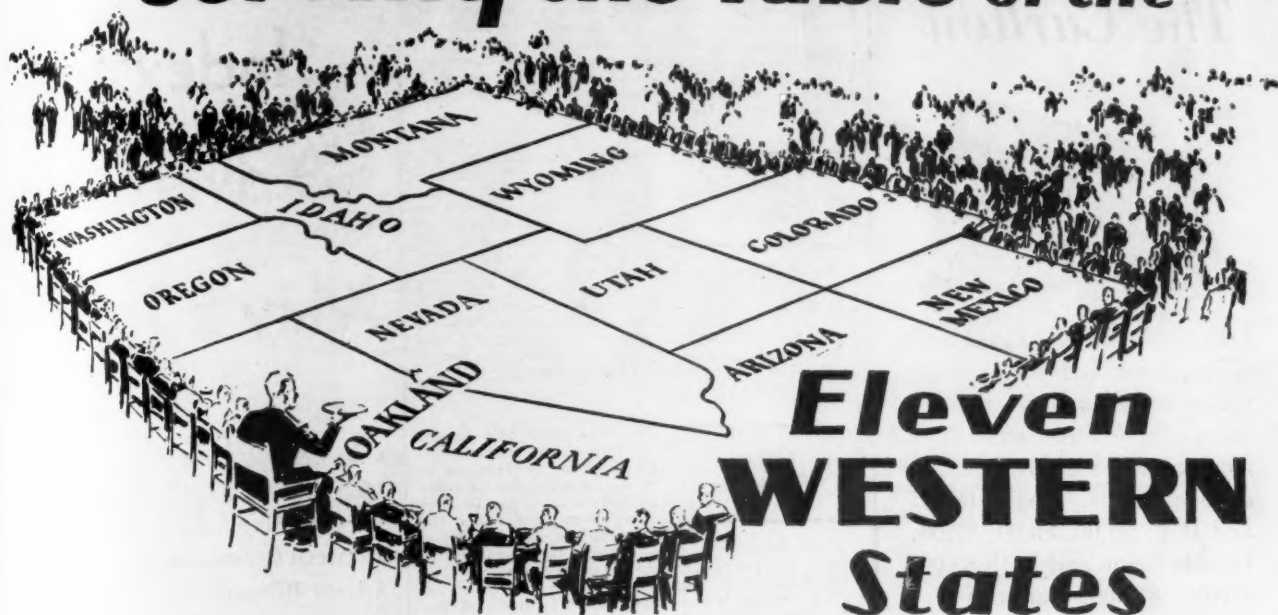
Fire Waste

THE CHAMBER of Commerce of the United States and its organization members have participated in a sustained endeavor to decrease the waste resulting from fires which might be prevented. For further progress in reduction of fire waste it is important that all states should have adequate and uniform legislation against the crime of arson in all of its forms. Such legislation should always subject to the penalties provided for the crime of arson, not only those persons who burn the property of others, but persons who willfully and maliciously burn their own buildings, or who aid or procure such burning, as well as persons who make preparations at a building to commit the crime of arson. The preparation of legislation for this purpose might properly have the attention of all agencies, official and private, concerned with advancement of uniform state laws.

Traffic Regulation

THE CHAMBER in 1927 endorsed the comprehensive program of principles developed by the National Conference on Street and Highway Safety, including the principle of uniformity in traffic laws exemplified in the Uniform Vehicle Code recommended by the Conference for adoption by states. In recognition of the need for carrying this principle of uniformity as far as practicable into the traffic regulations of cities and towns, there was developed last year for the Conference a Model Municipal Traffic Ordinance. This Ordinance should be given careful consideration by all municipalities, and incorporated in their local regulations to the fullest extent compatible with the conditions prevailing in those municipalities, to the

Serving the Table of the



Eleven WESTERN States

MANY manufacturers of food products have found, others will find, that to serve the markets of the eleven western states—Oakland, California, is the logical point for their Pacific Coast operations. Central location and superior distributing advantages by truck, rail, and water to the markets of the eleven western states, and by water from the Port of Oakland to Eastern, European, and Oriental ports are most important factors. Oakland and its neighboring cities of Alameda County constitute the canning and packing center of the West, and rapidly forging ahead in many other lines of foodstuffs.

At Berkeley is the Pacific Coast plant of the H. J. Heinz Corporation (of "57" fame), which plant represents an investment of \$2,000,000 and covers an area in excess of two city blocks. The California Packing Corporation (Del Monte brand) operates nine plants in Alameda County: one in Berkeley, two in Emeryville, five in Oakland, two in San Leandro, one in San Lorenzo, and one in Alameda County are:

Pacific Coast Shredded Wheat Co.
Libby, McNeill & Libby
Rosenberg Bros. & Co.
Sutter Co-operative Growers

California Co-operative Producers
Pacific Coast Cannery, Inc.
Kings County Packing Co.
B. H. Body Company, Inc.

Allied with the canning industry is the manufacture of containers, and both the American Can Company and the Continental Can Company have large plants in Oakland.

Terminals located on both shores of the Oakland Inner Harbor are the largest handlers of canned goods and dried fruits in the world. Over one dock alone there were shipped 43,000 tons of canned goods to the Atlantic seaboard last year and 25,000 tons to foreign ports.

Taking into consideration that there are several other terminals, all of whom handle large quantities of these same products, and that in addition to this, that there are now two large warehouses under construction by the City of Oakland on the Outer Harbor for the purpose of accommodating 300,000 tons per year. A 26-acre private terminal for the handling of agricultural products, including packing and storage facilities, is also under construction on the Inner Harbor. From these facts it will be seen that the canning and packing center of the West is definitely established in Alameda County.



Shredded Wheat Plant in Oakland

Heinz Plant in Berkeley

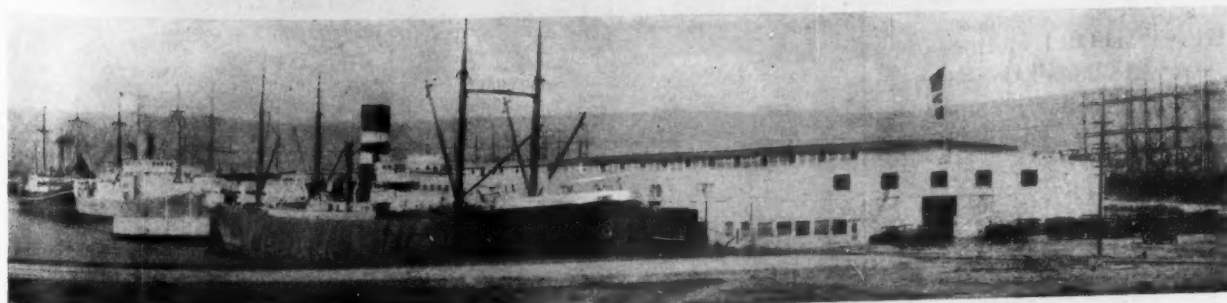


American Can Plant in Oakland



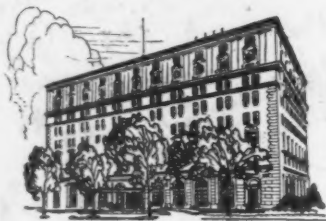
Send for "We Selected Oakland," an interesting booklet which contains the personally-written statements of nationally-known manufacturers operating in the Oakland industrial area. For any information on the manufacturing and distributing advantages of Oakland and the surrounding territory write the Industrial Department, Oakland Chamber of Commerce.

OAKLAND • California



Terminal in Alameda which outranks any other on the Pacific Coast in canned goods and dried fruit handled annually

The Carlton



DISTINCTIVE in atmosphere, luxurious in appointments. Located two squares from the White House. The focus of the social world. All outside rooms. Single Room and Bath \$5.00, \$6.00, \$7.00; Double Room and Bath \$8.00, \$10.00, \$12.00; Parlor Suites \$15.00 and up.

Washington's MOST NOTABLE HOTELS

HARRY WARDMAN, President

The Wardman Park



THE COMFORT and beauty of a private home; the setting of a country club. Ten minutes from the theatrical and business districts. Supper dances, golf, tennis, riding, outdoor swimming pool, theatre, garage. Single Room and Bath \$5. Double Room, Bath, \$8.

When writing please mention Nation's Business

end that the chaos now resulting from conflicting rules in different states and different communities within states may be eliminated.

In furtherance of the principle of uniformity, it is also urged that careful attention be given to the recent report of a committee of the American Engineering Council recommending standardized traffic signs, signals, and pavement markings suitable for use in American cities and towns in harmony with the Model Municipal Traffic Ordinance and the Uniform Vehicle Code.

Daylight Saving

THE PRESENT situation, with many communities and sections using daylight saving time and others similarly located using time which is one hour slower, makes it appropriate for the Chamber of Commerce of the United States to have a committee to study the whole problem, including its relations to health and business, to the end that upon the recommendations of such a committee there may be a referendum among the membership and determination of the Chamber's policy whether or not there should be legislation by Congress to bring about uniformity.

Other Subjects

PROPOSALS THAT this annual meeting should commit the Chamber to declarations of policy on a number of other subjects came to the Resolutions Committee under the rules of the meeting. Upon phases of some of these subjects the Chamber already has policies. Others are of such a nature that there should be more study of the subjects in all their bearings before the Chamber formally takes a position. In order that these proposals may receive that detailed and careful study which is a feature of the Chamber's procedure, the Resolutions Committee recommends that they should be referred by the meeting to the Board of Directors. The subjects of the proposals are as follows, with suggestions which the Resolutions Committee wishes to offer as to the course the Board of Directors might follow with respect to each:

Automobile Liens;

Calendar Reform, with a suggestion that this report should be placed before the membership for a referendum vote;

Brussels Agreement Respecting Code Messages, with a suggestion that it be referred to the Committee of the Transportation and Communication Department;

Capital Gains, with a suggestion that it should be referred to the Chamber's Committee on Federal Taxation;

Grazing in National Forests, with a suggestion that the Chamber already is committed to the policy which is proposed;

Great Lakes-St. Lawrence Waterway, with a suggestion that it should be referred to any committee which may be created to consider major waterway projects.

Federal Control of Production, with a suggestion that the Chamber already has policies in opposition to such control;

Increase of Local Bonded Indebtedness, with a suggestion that it should be referred to the appropriate committees;

Inter-American Highway, with a suggestion that it should be referred to the appropriate committee for consideration when the project becomes more definite;

Muscle Shoals, with a suggestion that this subject might appropriately be considered within the jurisdiction of the Chamber's Committee on Water Power Policies;

Natural Business Year, with a suggestion that the subject should be studied and analyzed by the appropriate committee of the Chamber and the results of the study, embodied in a report, might be distributed to the membership for its information;

Other Subjects in report on Handicaps to American Shipping than those appearing in the declaration entitled "Merchant Marine";

Passport Visas, with a suggestion that by reason of the questions which have arisen as to visas for passports of immigrants this subject should be referred to the Chamber's Committee on Immigration for its study and recommendation;

Philippine Immigration, with a suggestion that it should be referred to the Committee on Immigration;

Philippine Trade, with a suggestion that a committee of the Chamber should study trade relations with the outlying possessions of the United States;

Postal Service, with a suggestion that the question of time-stamping is one of several questions which should be considered by the Chamber's Committee on Postal Service;

Reforestation of National Forests, with a suggestion that the subject should have the attention of the appropriate committee;

State and Local Revenues and Expenditures, with a suggestion that it should be referred to the Committee on State and Local Taxation;

Statute of Limitations on Tax Refunds, with a suggestion that it should be referred to the Chamber's Committee on Federal Taxation, which should be asked to consider the law and its administration in order to bring out features which operate unjustly upon taxpayers.

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